

VILLAGE OF MANCHESTER
WASHTENAW COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDING JUNE 30, 2022

VILLAGE OF MANCHESTER
FINANCIAL STATEMENTS
JUNE 30, 2022

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE STATEMENT OF NET POSITION	7
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES	8
BALANCE SHEET-GOVERNMENTAL FUNDS	9
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	12
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	14
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS	15
STATEMENT OF FIDUCIARY NET POSITION	16
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	17
NOTES TO THE FINANCIAL STATEMENTS	18
REQUIRED SUPPLEMENTARY INFORMATION:	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	32
BUDGETARY COMPARISON SCHEDULE – MAJOR STREET FUND	36
BUDGETARY COMPARISON SCHEDULE – LOCAL STREET FUND	38
BUDGETARY COMPARISON SCHEDULE – MUNICIPAL STREET FUND	40
BUDGETARY COMPARISON SCHEDULE – PARKS AND RECREATION FUND	41
SCHEDULE OF INDEBTEDNESS	42

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Manchester
Washtenaw County, Michigan

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Manchester (the "Village") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2022 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

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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.

Village of Manchester
Washtenaw County, Michigan

In performing an audit in accordance with GAAS, we:

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

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

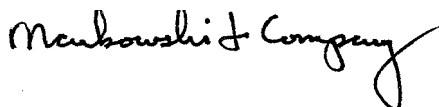
Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Yours truly,



MARKOWSKI & COMPANY, CPAs
October 17, 2022

VILLAGE OF MANCHESTER
MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Using this Annual Report

As management of the Village of Manchester, we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the Village of Manchester for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here.

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village has a combined net position of \$14,864,077. Of this amount, \$3,808,423 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. An additional \$10,013,426 reflects the Village's investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructures consisting of water and sewer lines and roads and streets); less any related debt used to acquire those assets still outstanding. The remaining \$1,042,228 of net position is restricted for various uses as determined by external constraints by grantors, contributors, or laws or regulations.

The Village's total net position increased by \$246,808 in 2022. Governmental activities net position increased \$297,106. Business-Type activities decreased \$50,298.

In a condensed format, the following table shows the net position as of June 30, 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current Assets	\$ 3,759,847	\$ 3,315,514	\$ 1,486,570	\$ 1,412,151	\$ 5,246,417	\$ 4,727,665
Noncurrent Assets	7,491,017	7,515,530	3,446,859	3,487,192	10,937,876	11,002,722
Total Assets	<u>11,250,864</u>	<u>10,831,044</u>	<u>4,933,429</u>	<u>4,899,343</u>	<u>16,184,293</u>	<u>15,730,387</u>
Current Liabilities	134,596	110,459	271,168	178,933	405,764	289,392
Noncurrent Liabilities	235,000	317,851	498,024	505,875	733,024	823,726
Total Liabilities	<u>369,596</u>	<u>428,310</u>	<u>769,192</u>	<u>684,808</u>	<u>1,138,788</u>	<u>1,113,118</u>
Deferred Inflows - Leases	<u>181,428</u>	-	-	-	<u>181,428</u>	-
Net Position						
Invested in Capital Assets - Net of Related Debt	7,064,591	7,205,530	2,948,835	2,959,168	10,013,426	10,164,698
Restricted For:						
Prepaid expenses	8,466	-	-	-	8,466	-
Highways and Streets	818,307	668,686	-	-	818,307	668,686
Debt Service	67,031	-	-	-	67,031	-
Recreational and Cultural	105,254	102,646	-	-	105,254	102,646
Inventory	-	-	43,170	39,291	43,170	39,291
Unrestricted	2,636,191	2,425,872	1,172,232	1,216,076	3,808,423	3,641,948
Total Net Position	<u>\$ 10,699,840</u>	<u>\$ 10,402,734</u>	<u>\$ 4,164,237</u>	<u>\$ 4,214,535</u>	<u>\$ 14,864,077</u>	<u>\$ 14,617,269</u>

Management's Discussion and Analysis

In a condensed format, the following table shows the changes of the net position as of June 30, 2022 and 2021:

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Program Revenues						
Charges for Services	\$ 251,515	\$ 313,363	\$ 880,491	\$ 789,748	\$ 1,132,006	\$ 1,103,111
Operating Grants and Contributions	668,214	566,269	-	15,008	668,214	581,277
Capital Grants and Contributions	151,681	437,951	-	-	151,681	437,951
General Revenues						
Property Taxes	704,909	695,587	-	-	704,909	695,587
State-Shared Revenues	458,661	461,493	-	-	458,661	461,493
Interest Income	10,048	17,248	1,546	6,115	11,594	23,363
Franchise Fees	29,852	29,401	-	-	29,852	29,401
Other Income	31,532	7,495	-	-	31,532	7,495
Total Revenues	2,306,412	2,528,807	882,037	810,871	3,188,449	3,339,678
Program Expenses						
Legislative	66,802	65,352	-	-	66,802	65,352
General Government	418,626	412,793	-	-	418,626	412,793
Public Safety	527,650	474,515	-	-	527,650	474,515
Public Works	324,417	306,625	-	-	324,417	306,625
Recreational and Cultural	52,795	52,855	-	-	52,795	52,855
Interest on Long-Term Debt	7,853	11,321	-	-	7,853	11,321
Depreciation	611,163	591,366	-	-	611,163	591,366
Water and Sewer	-	-	932,335	841,381	932,335	841,381
Total Expenses	2,009,306	1,914,827	932,335	841,381	2,941,641	2,756,208
Change in Net Position	\$ 297,106	\$ 613,980	\$ (50,298)	\$ (30,510)	\$ 246,808	\$ 583,470

Government Activities

The Village's total governmental revenues decreased by \$222,395. Revenues were consistent with the prior year.

The Village's expenditures increased 5%, as the Village continues to monitor and reduce costs where available.

Business Type Activities

The Village's business-type activities consist of its Water and Sewer funds. During 2022, the net position decreased by \$50,298. The decrease was due primarily to depreciation expense in the amount of \$204,428.

Management's Discussion and Analysis

The Village's Funds

The fund financial statements provide a more detailed analysis of the Village's operations, which are focused primarily on the current use of available resources. The Village maintains several funds to help manage money designated for special purposes, as well as to show accountability for certain activities.

The General Fund, the major governmental fund, relates to the general governmental activities for the Village, which is financed by property tax levies, by distribution of state shared revenues, and from fees charged for various municipal activities and services. The General Fund's fund balance increased by \$183,975 as revenues and expenditures remained consistent.

The Water and Sewer Funds are used to account for business-like activities provided to the Village's residents. The Village charges for water and sewer service and other related goods and services. Net position decreased by \$50,298 primarily the result of depreciation expense. Revenues have stabilized and operating expenditures remained consistent. Depreciation expense in the enterprise funds totaled \$204,428.

The Village maintains several Special Revenue Funds to account for resources set aside for specific purposes, as well as Expendable Trust Funds to account for assets held for individuals in a trustee capacity. Principally among these funds are the Major and Local Street funds used to account for Village roads and street activity. The Village levies a municipal street tax to maintain the stability of these funds.

General Fund Budgetary Highlights

The original budget adopted for the Village's General Fund projected a \$58,093 decrease in fund balance. The final General Fund amended budget projected a \$64,807 increase in fund balance. Actual fund balance increased by \$183,975.

The administration believes taxable values have stabilized along with state shared revenues. Council has met the criteria proposed by the State of Michigan to receive the maximum amount of State Shared Revenue available.

Capital Asset and Debt Administration

The Village continues to maintain and improve the sewer and water infrastructure, street systems, fleets of vehicles and buildings and grounds while reducing its debt obligations.

A summary of capital assets follows:

	Governmental Activities	Business-Type Activities	Total
	(Net of Accumulated Depreciation)		
Land and land improvements	\$ 1,824,996	\$ 30,005	\$ 1,855,001
Buildings and improvements	1,023,892	201,308	1,225,200
Equipment, furniture and fixtures	185,143	235,172	420,315
Infrastructure	4,265,560	-	4,265,560
Distribution and collection system	-	2,980,374	2,980,374
Total	<u>\$ 7,299,591</u>	<u>\$ 3,446,859</u>	<u>\$ 10,746,450</u>

At the end of the year the Village had total debt outstanding of \$733,024.

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The 2022/2023 fiscal year will continue the Village's commitment to infrastructure maintenance and improvement. Lingering labor shortages and supply chain issues along with looming inflation concerns will be challenges in this pursuit.

Millage assessments, rates and revenues are capped in the State of Michigan by the Proposal A and Headlee legislation. The 2022/2023 village millage rate will be 13.8430, reduced from last year's 13.9701. State Shared Revenues remain level along with the Personal Property Tax Reimbursements. New home construction in the Village has increased modestly.

The 2022/2023 General Fund Budget includes funds to complete a structural analysis of the Ford Dam that the Village owns and develop plans for ongoing maintenance of it. The Village has also planned for several updates to the Parks system, specifically in Chi-Bro Park.

Sewer and Water rates continue to adjust in anticipation of the Wastewater Sewer Plant improvements. We will begin construction of Wastewater Sewer Plant upgrades through the Clean Water State Revolving Fund program from the State of Michigan next Spring. Users of the sewer system are paying for the improvements through rates so there will be no additional millage.

With the State of Michigan's Department of Environment, Great Lakes & Energy (EGLE) focus on lead in drinking water, the Village is increasing water testing, residential lead service line replacements and public education on the issue. The Village has made great progress in replacing residents water service lines and is planning on using the American Rescue Plan Act dollars to fund completion of the replacements.

Maintenance of the Village streets has been put into a multi-year plan that will continue this year. The Equipment Capital Replacement Schedule has been built into the 2022/2023 budget with replacement of the backhoe and dump truck.

The Village has seen a recent revitalization and redevelopment of the central business district. A new Vacant Building Safety Ordinance has been adopted and implemented so that the downtown buildings are maintained and ready for commercial use.

The Village is continuing the process to become a city. The State Boundary Commission has approved the petition. A City Charter Commission will be elected in November 2022 to develop a charter which will then be on a future ballot along with the election of a city council.

New Village Manager, Michael Sessions, brings much experience with him and has hit the ground running. Along with the projects mentioned above, he will usher in the use of new technologies in communications and information sharing.

Village Council and administration is committed to maintaining the Village's financial stability. Working from a position of fiscal strength, the Village of Manchester can better serve the residents and make positive impacts on the community.

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 the Village's accountability for the money it receives. Additionally, a Citizen's Guide to Village Finances and Dashboard are available on the Village website, www.vil-manchester.org. If you have questions about this report or need additional information, we welcome you to contact the Village Manager at 912 City Road, Manchester, MI 48158.

VILLAGE OF MANCHESTER
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

VILLAGE OF MANCHESTER
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
ASSETS				
Cash and cash equivalents	\$ 1,171,890	\$ 404,478	\$ 1,576,368	\$ 2,377
Investments	2,464,829	949,912	3,414,741	8,205
Accounts receivable:				
Taxes	1,572	-	1,572	-
Customers	11,562	89,010	100,572	-
Other	8,835	-	8,835	-
Due from other governments	92,693	-	92,693	-
Prepaid expenses	8,466	-	8,466	-
Inventory	-	43,170	43,170	-
Lease receivable	191,426	-	191,426	-
Capital assets - net	7,299,591	3,446,859	10,746,450	21,250
Total assets	<u>11,250,864</u>	<u>4,933,429</u>	<u>16,184,293</u>	<u>31,832</u>
LIABILITIES				
Accounts payable	50,979	36,689	87,668	131
Accrued interest payable	1,059	3,113	4,172	-
Accrued payroll	5,389	5,005	10,394	-
Compensated absences	19,980	-	19,980	-
Deferred revenue - ARPA	-	226,361	226,361	-
Deposits	57,189	-	57,189	-
Long-term debt				
Due within one year	75,000	30,000	105,000	-
Due in more than on year	160,000	468,024	628,024	-
Total liabilities	<u>369,596</u>	<u>769,192</u>	<u>1,138,788</u>	<u>131</u>
DEFERRED INFLOW OF RESOURCES				
Leases	181,428	-	181,428	-
NET POSITION				
Invested in capital assets - net of related debt	7,064,591	2,948,835	10,013,426	21,250
Restricted for:				
Prepaid expenses	8,466	-	8,466	-
Highways and streets	818,307	-	818,307	-
Recreational and cultural	105,254	-	105,254	-
Debt	67,031	-	67,031	-
Inventory	-	43,170	43,170	-
Unrestricted	2,636,191	1,172,232	3,808,423	10,451
Total net position	<u>\$ 10,699,840</u>	<u>\$ 4,164,237</u>	<u>\$ 14,864,077</u>	<u>\$ 31,701</u>

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

VILLAGE OF MANCHESTER
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities								
Legislative	\$ 66,802	\$ -	\$ -	\$ -	\$ (66,802)	\$ -	\$ (66,802)	\$ -
General government	418,626	207,642	-	-	(210,984)	-	(210,984)	-
Public safety	527,650	6,285	-	-	(521,365)	-	(521,365)	-
Public works	324,417	37,588	610,619	151,681	475,471	-	475,471	-
Recreational and cultural	52,795	-	57,595	-	4,800	-	4,800	-
Interest on long-term debt	7,853	-	-	-	(7,853)	-	(7,853)	-
Depreciation	611,163	-	-	-	(611,163)	-	(611,163)	-
Total governmental activities	2,009,306	251,515	668,214	151,681	(937,896)	-	(937,896)	-
Business-type activities								
Water and sewer	932,335	880,491	-	-	-	(51,844)	(51,844)	-
Total primary government	\$ 2,941,641	\$ 1,132,006	\$ 668,214	\$ 151,681	(937,896)	(51,844)	(989,740)	-
Component Unit:								
Downtown Development Authority	\$ 3,305	\$ -	\$ 8,000	\$ -	-	-	-	4,695
General revenues								
Property taxes					704,909	-	704,909	-
State-shared revenues					249,133	-	249,133	-
Interest income					10,048	1,546	11,594	10
Franchise fees					29,852	-	29,852	-
Personal property tax reimbursement					199,237	-	199,237	-
Metro act					10,291	-	10,291	-
Other income					31,532	-	31,532	-
Total general revenues					1,235,002	1,546	1,236,548	10
Change in net position					297,106	(50,298)	246,808	4,705
Net position - Beginning					10,402,734	4,214,535	14,617,269	26,996
Net position - Ending					\$ 10,699,840	\$ 4,164,237	\$ 14,864,077	\$ 31,701

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

VILLAGE OF MANCHESTER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	PARKS & RECREATION	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 752,808	\$ -	\$ -	175,705	\$ 25,270	\$ 953,783
Investments	1,316,237	230,389	5,144	436,207	83,437	2,071,414
Accounts receivable:						
Taxes	1,572	-	-	-	-	1,572
Customers	10,518	-	-	-	-	10,518
Other	8,835	-	-	-	-	8,835
Due from other governments	43,788	35,371	13,534	-	-	92,693
Prepaid expenses	8,466	-	-	-	-	8,466
Lease receivable	191,426	-	-	-	-	191,426
	<u>2,333,650</u>	<u>265,760</u>	<u>18,678</u>	<u>611,912</u>	<u>108,707</u>	<u>3,338,707</u>
Total assets	<u>\$ 2,333,650</u>	<u>\$ 265,760</u>	<u>\$ 18,678</u>	<u>\$ 611,912</u>	<u>\$ 108,707</u>	<u>\$ 3,338,707</u>
LIABILITIES						
Accounts payable	\$ 38,279	\$ 2,072	\$ 5,591	\$ -	\$ 2,970	\$ 48,912
Accrued interest payable	-	1,059	-	-	-	1,059
Accrued payroll	2,368	1,234	1,056	-	483	5,141
Deposits	57,189	-	-	-	-	57,189
Total liabilities	<u>97,836</u>	<u>4,365</u>	<u>6,647</u>	<u>-</u>	<u>3,453</u>	<u>112,301</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	181,428	-	-	-	-	181,428
FUND BALANCES						
Nonspendable - prepaid expenses	8,466	-	-	-	-	8,466
Restricted for:						
Highways and streets	-	194,364	12,031	611,912	-	818,307
Recreational and cultural	-	-	-	-	105,254	105,254
Debt service	-	67,031	-	-	-	67,031
Assigned for capital improvements	1,196,746	-	-	-	-	1,196,746
Unassigned	849,174	-	-	-	-	849,174
Total fund balances	<u>2,054,386</u>	<u>261,395</u>	<u>12,031</u>	<u>611,912</u>	<u>105,254</u>	<u>3,044,978</u>
	<u>\$ 2,333,650</u>	<u>\$ 265,760</u>	<u>\$ 18,678</u>	<u>\$ 611,912</u>	<u>\$ 108,707</u>	<u>\$ 3,338,707</u>
Total liabilities and fund equity	<u>\$ 2,333,650</u>	<u>\$ 265,760</u>	<u>\$ 18,678</u>	<u>\$ 611,912</u>	<u>\$ 108,707</u>	<u>\$ 3,338,707</u>

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

VILLAGE OF MANCHESTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balance - total governmental funds	\$ 3,044,978
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. Includes capital assets of the Internal Service Fund. (Net of accumulated depreciation).	7,299,591
The Internal Service Fund is used by management to charge the cost of equipment to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	610,251
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(235,000)
Accrued leave is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	<u>(19,980)</u>
Net position of governmental activities	<u><u>\$ 10,699,840</u></u>

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

VILLAGE OF MANCHESTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	GENERAL FUND	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	PARKS & RECREATION	TOTAL
REVENUES:						
Taxes and penalties	\$ 704,909	\$ 71,578	\$ -	\$ 151,087	\$ 40,210	\$ 967,784
Franchise fee	29,852	-	-	-	-	29,852
Licenses and permits	6,235	-	-	-	-	6,235
Fees and fines	6,285	-	-	-	-	6,285
Intergovernmental - State	461,159	257,267	87,972	42,715	11,360	860,473
Charges for services	117,186	-	-	-	-	117,186
Rental income	84,221	-	-	-	-	84,221
Interest income	8,354	273	28	640	98	9,393
Grants and contributions	-	22,361	129,320	-	6,025	157,706
Other revenues	3,938	2,443	587	-	220	7,188
Total revenues	<u>1,422,139</u>	<u>353,922</u>	<u>217,907</u>	<u>194,442</u>	<u>57,913</u>	<u>2,246,323</u>
EXPENDITURES:						
Legislative	66,802	-	-	-	-	66,802
General government	503,592	-	-	-	-	503,592
Public safety	527,650	-	-	-	-	527,650
Public works	132,120	187,921	278,845	-	-	598,886
Recreational & cultural	-	-	-	-	55,305	55,305
Debt service	-	82,853	-	-	-	82,853
Total expenditures	<u>1,230,164</u>	<u>270,774</u>	<u>278,845</u>	<u>-</u>	<u>55,305</u>	<u>1,835,088</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>191,975</u>	<u>83,148</u>	<u>(60,938)</u>	<u>194,442</u>	<u>2,608</u>	<u>411,235</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	16,000	60,000	-	-	76,000
Operating transfers (out)	(8,000)	-	-	(76,000)	-	(84,000)
Total other financing sources (uses)	<u>(8,000)</u>	<u>16,000</u>	<u>60,000</u>	<u>(76,000)</u>	<u>-</u>	<u>(8,000)</u>
NET CHANGES IN FUND BALANCES	183,975	99,148	(938)	118,442	2,608	403,235
FUND BALANCE - Beginning of year	<u>1,870,411</u>	<u>162,247</u>	<u>12,969</u>	<u>493,470</u>	<u>102,646</u>	<u>2,641,743</u>
FUND BALANCE - End of year	<u>\$ 2,054,386</u>	<u>\$ 261,395</u>	<u>\$ 12,031</u>	<u>\$ 611,912</u>	<u>\$ 105,254</u>	<u>\$ 3,044,978</u>

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

VILLAGE OF MANCHESTER

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental funds \$ 403,235

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

Government funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 323,988

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. Includes Internal Service Funds depreciation expense. (611,163)

The Internal Service Fund is used by management to charge the cost of equipment to individual funds. The net revenue of the Internal Service Fund is included in governmental activities. 90,260

Earned leave expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. 7,935

The Village's OPEB plan was closed as of the year end June 30, 2022. 7,851

The payments of long-term debt consumes the current financial resources of governmental funds. 75,000

Change in net position of governmental activities \$ 297,106

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

VILLAGE OF MANCHESTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

ASSETS	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	WATER	SEWER	TOTAL	FUND
CURRENT ASSETS:				
Cash and cash equivalents	\$ 90,984	\$ 313,494	\$ 404,478	\$ 218,107
Investments	285,577	664,335	949,912	393,415
Accounts receivable	28,915	60,095	89,010	1,044
Inventory	43,170	-	43,170	-
Total current assets	448,646	1,037,924	1,486,570	612,566
NONCURRENT ASSETS:				
Capital assets - net	2,419,249	1,027,610	3,446,859	125,524
Total assets	2,867,895	2,065,534	4,933,429	738,090
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	7,979	28,710	36,689	2,067
Accrued interest payable	3,113	-	3,113	-
Accrued payroll	2,100	2,905	5,005	248
Unearned revenue - ARPA	-	226,361	226,361	-
Bonds, notes, and loans payable	30,000	-	30,000	-
Total current liabilities	43,192	257,976	301,168	2,315
NONCURRENT LIABILITIES:				
Bonds, notes, and loans payable	468,024	-	468,024	-
Total noncurrent liabilities	468,024	-	468,024	-
Total liabilities	511,216	257,976	769,192	2,315
NET POSITION:				
Invested in capital assets - net of related debt	1,921,225	1,027,610	2,948,835	125,524
Restricted for inventory	43,170	-	43,170	-
Unrestricted	392,284	779,948	1,172,232	610,251
Total net position	\$ 2,356,679	\$ 1,807,558	\$ 4,164,237	\$ 735,775

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

VILLAGE OF MANCHESTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	ENTERPRISE FUNDS			INTERNAL
	WATER	SEWER	TOTAL	SERVICE
				FUND
OPERATING REVENUES:				
Charges for services	\$ 305,449	\$ 510,587	\$ 816,036	\$ 139,754
Charges for services - Bridgewater Township	-	35,312	35,312	-
Connection fees and other charges	9,632	19,511	29,143	13,995
Total operating revenues	<u>315,081</u>	<u>565,410</u>	<u>880,491</u>	<u>153,749</u>
OPERATING EXPENSES:				
Salaries and wages	95,324	173,713	269,037	18,366
Payroll taxes	7,029	13,023	20,052	1,349
Employee benefits	24,707	46,340	71,047	4,872
Chemicals	6,259	15,195	21,454	-
Operating supplies	8,210	13,874	22,084	8,217
Water meters	5,961	5,961	11,922	-
Uniforms	-	835	835	-
Gasoline and oil	269	507	776	18,971
Postage	2,526	2,108	4,634	-
Contracted services - other	65,579	3,804	69,383	-
Water testing	5,802	2,430	8,232	-
Sewer rodding	-	1,200	1,200	-
Sludge removal	-	31,319	31,319	-
Audit Fees	2,300	2,840	5,140	420
Permits and fees	-	2,788	2,788	-
Telephone	2,247	5,440	7,687	-
Public utilities	26,609	54,830	81,439	-
Training, education and seminars	40	1,506	1,546	-
Memberships	2,725	1,339	4,064	-
Repairs and maintenance	25,350	8,409	33,759	6,607
Insurance	1,687	843	2,530	5,342
Bank fees	932	932	1,864	-
Engineering	2,924	1,768	4,692	-
Allocation of equipment costs	22,468	15,120	37,588	-
Miscellaneous	159	38	197	-
Depreciation	116,688	87,740	204,428	40,388
Total operating expenses	<u>425,795</u>	<u>493,902</u>	<u>919,697</u>	<u>104,532</u>
OPERATING INCOME (LOSS)	<u>(110,714)</u>	<u>71,508</u>	<u>(39,206)</u>	<u>49,217</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	461	1,085	1,546	655
Interest expense	(12,638)	-	(12,638)	-
Total non-operating revenues (expenses)	<u>(12,177)</u>	<u>1,085</u>	<u>(11,092)</u>	<u>655</u>
Net change in net position	(122,891)	72,593	(50,298)	49,872
NET POSITION - Beginning of year	<u>2,479,570</u>	<u>1,734,965</u>	<u>4,214,535</u>	<u>685,903</u>
NET POSITION - End of year	<u>\$ 2,356,679</u>	<u>\$ 1,807,558</u>	<u>\$ 4,164,237</u>	<u>\$ 735,775</u>

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

VILLAGE OF MANCHESTER
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	WATER FUND	SEWER FUND	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 315,191	\$ 560,848	\$ 876,039	\$ 153,111
Payments to suppliers	(314,537)	(150,536)	(465,073)	(39,214)
Payments to employees	(125,921)	(232,093)	(358,014)	(24,507)
Net cash provided (used) by operating activities	<u>(125,267)</u>	<u>178,219</u>	<u>52,952</u>	<u>89,390</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(107,617)	(56,478)	(164,095)	(71,236)
ARPA - Unearned revenues	-	226,361	226,361	-
Principal and interest paid on capital debt	(42,825)	-	(42,825)	-
Net cash provided (used) by capital and related financing activities	<u>(150,442)</u>	<u>169,883</u>	<u>19,441</u>	<u>(71,236)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in OPEB Liability	(3,926)	(3,925)	(7,851)	-
Interest income	461	1,085	1,546	655
Net cash provided (used) by investing activities	<u>(3,465)</u>	<u>(2,840)</u>	<u>(6,305)</u>	<u>655</u>
Net increase (decrease) in cash and cash equivalents	(279,174)	345,262	66,088	18,809
Balances - beginning of year	<u>655,735</u>	<u>632,567</u>	<u>1,288,302</u>	<u>592,713</u>
Balances - end of year	<u><u>\$ 376,561</u></u>	<u><u>\$ 977,829</u></u>	<u><u>\$ 1,354,390</u></u>	<u><u>\$ 611,522</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (110,714)	\$ 71,508	\$ (39,206)	\$ 49,217
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	116,688	87,740	204,428	40,388
Change in assets and liabilities				
Receivables - net	110	(4,562)	(4,452)	(638)
Inventories	(3,879)	-	(3,879)	-
Accounts and other payables	(127,472)	23,533	(103,939)	423
Net cash provided by operating activities	<u><u>\$ (125,267)</u></u>	<u><u>\$ 178,219</u></u>	<u><u>\$ 52,952</u></u>	<u><u>\$ 89,390</u></u>

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

VILLAGE OF MANCHESTER
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	EMPLOYEE INSURANCE FUND	SICK PAY BENEFIT FUND
ASSETS		
Cash and cash equivalents	\$ 11,008	\$ 6,233
Investments	36,507	10,054
Total assets	47,515	16,287
 LIABILITIES		
Accounts payable	819	-
Accrued leave time	-	14,225
Total liabilities	819	14,225
 NET POSITION		
Held in trust for employee benefits	\$ 46,696	\$ 2,062

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

VILLAGE OF MANCHESTER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	EMPLOYEE INSURANCE FUND	SICK PAY BENEFIT FUND
ADDITIONS		
Employer/Employee contributions	\$ 11,831	\$ -
Interest income	55	22
Total additions	11,886	22
DEDUCTIONS		
Benefits	31,042	11,781
Change in net position	(19,156)	(11,759)
Net position - beginning of year	65,852	13,821
Net position - end of year	\$ 46,696	\$ 2,062

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

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The accounting methods and procedures adopted by the Village of Manchester, (the Village), conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following is a summary of the significant accounting policies used by the Village of Manchester.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. DESCRIPTION OF VILLAGE OPERATIONS -

The Village of Manchester was organized in 1874 and is located in the southwestern portion of Washtenaw County. The Village operates under an elected Village Council and provides services to more than 2,000 residents. These services include law enforcement, water and sewer, and community enrichment and development.

B. REPORTING ENTITY -

As required by generally accepted accounting principles, the financial statements of the Village of Manchester include its primary government, its component unit, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria established by the Governmental Accounting Standards Board (GASB), the Downtown Development Authority (DDA) has been included in the reporting entity as a discretely presented component unit. The DDA was created by the Village in a resolution on March 21, 2005, under the authority of Michigan Public ACT 197.

The Downtown Development Authority (DDA) is governed by a separate nine-member board. The DDA's primary function is to provide for the acquisition, construction and financing of necessary street, sidewalk, streetscape, parking improvements and other facilities needed in the Downtown District to achieve the objectives of the Authority and to prevent further deterioration of the Downtown District while promoting economic growth to all taxing units located within and benefitting from the Downtown District.

There are no separately issued financial statements for the Downtown Development Authority. No reconciliation for GASB 34 is necessary for the DDA.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS -

The Government-Wide Financial Statements report information on all of the nonfiduciary activities of the Village of Manchester. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for Governmental Funds, Proprietary Funds and Fiduciary Funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as a separate column in the fund financial statements.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION -

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund Financial Statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

The Village reports the following Major Governmental Funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Major Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.
- The Local Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.
- The Municipal Street Fund accounts for resources received from special assessment taxes levied for street purposes by making contributions to the Major and Local Street Funds.
- The Parks and Recreation Fund accounts for resources received from special assessment taxes levied for the purpose of operating and maintaining the Village's parks and recreational activities.

The Village reports the following Major Proprietary Funds:

- The Water and Sewer Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and focus on net income similar to the private sector.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - (Continued)

Additionally, the Village reports the following fund types:

- The Equipment Internal Service funds account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the government on a cost reimbursement basis.

The Village reports the following Fiduciary Funds (not included in Government-Wide Financial Statements)

- Expendable Trust Funds are funds whose entire resources, principal, and income, may be expended in the course of their designated operations. The Village has two expendable trust funds:
 - The Employee Insurance Fund accounts for resources contributed by the general fund to reimburse Village employees for dental, prescription, and optical charges which they incur.
 - The DPW Benefit Fund accounts for resources set aside to pay employees accumulated leave time when they leave employment.

As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; (3) capital grants and contributions, including special assessments and (4) property taxes levied to pay debt. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes not levied for a specific purpose.

Proprietary Funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services. The principal operating revenue of our Proprietary Funds relate to charges to customers for sales and services. Operating expenses for Proprietary Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. DEPOSITS AND INVESTMENTS -

The Village has classified cash on hand in checking accounts as cash for balance sheet purposes. Cash in excess of current requirements is invested by the Treasurer in government pooled accounts. Because these accounts have liquidity similar to a regular checking account, they are presented as a cash equivalent in the financial statements.

F. RECEIVABLES -

The Village of Manchester records various receivables which are listed and described as follows:

- 1) Accounts Receivable - This account is for charges for services which have been billed but not yet received in both the Governmental and Proprietary Fund Types, and for amounts due from Fiduciary Funds as of June 30, 2020.
- 2) Due From Other Governments - This account is for amounts due from the State of Michigan for State shared revenue in the General Fund, and Fuel Tax revenues in the Major and Local Street Funds.

G. INVENTORIES -

Inventories are valued at market value. The inventories in the Water and Sewer Enterprise Funds consist of parts and supplies which are available to be sold or used by the Village.

H. PREPAID EXPENSES -

Expenses, material in amount, which provide benefits in a future period have been set up as prepaid. They will be recognized as an expense in the period receiving the benefit. The reserve for prepaid items in the governmental funds has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

I. CAPITAL ASSETS -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings	40 years
Building improvements	15 to 30 years
Water and Sewer lines	30 to 50 years
Roads	10 to 30 years
Vehicles and equipment	5 to 10 years

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

J. FUND EQUITY -

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Village Council. A formal resolution of the Village Council is required to establish, modify, or rescind a fund balance commitment. The Village reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

The Village will sometimes 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 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.

K. COMPENSATED ABSENCES -

It is the Village's policy to permit employees to accumulate earned but unused leave time up to 40 hours. At June 30, 2022, the liability included \$19,980 unpaid leave benefits reported in the Governmental Funds. All leave pay is accrued when incurred in the Government-Wide and Fiduciary Fund Financial Statements.

L. LONG-TERM OBLIGATIONS -

In the Government Wide Financial Statements and Proprietary Fund types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-type Activities, or Proprietary Fund type statement of net position. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

M. ESTIMATES -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. INTERFUND TRANSACTIONS -

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES –

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows/inflows of resources. These financial elements represent a consumption of net position that applies to a future period and so will not be recognized as an outflow/inflow of resources until then.

The Village reports deferred inflows of resources for the lease receivable, and are reported in the government-wide financial statements and the general fund.

P. UNEARNED REVENUES –

Unearned revenue represents amounts received through nonexchange transactions prior to all applicable eligibility criteria being met or amounts being received through exchange transactions prior to goods or services being provided. The Village has one item, unearned revenue related to funds received from the American Rescue Plan Act (ARPA), which qualifies for reporting in this category.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION -

Formal budgetary integration is employed as a management control device during the year for the General Fund and all Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles generally accepted in the United States of America (GAAP). Budget amounts included in the financial statements are as originally adopted, and the final amended budget adopted by the Village Council. Budget amendments may be adopted by a simple majority vote of the Council at any open meeting of the Council. All appropriations lapse at the end of the fiscal year. The approved budgets of the Village for these funds were adopted to the departmental level.

NOTE 3 - PROPERTY TAXES:

Real and personal property taxes are levied on each July 1st on the property located in the Village as of the preceding December 31, the lien date. These taxes are due to the Village by the first day of the following March. Real property taxes not paid by this date are considered delinquent and are sent over to Washtenaw County for collection. Delinquent real property taxes are paid to the Village by Washtenaw County; therefore, the General Fund reflects as revenue the full amount of real taxes levied during the year. The personal property taxes are reflected as revenues in the year collected.

The Village's operating tax rate is currently 13.9701 mills and is distributed as follows:

General Operation	10.1753
Highways and Streets	2.1810
Parks and Recreation	0.5805
Debt Service	1.0333
Total	<u>13.9701</u>

The taxable value of real and personal property located in the Village was \$70,388,082.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS:

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes the local government unit to make deposits and invest in the following:

- 1) Bonds or other direct obligations of the United States.
- 2) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a federally insured bank or credit union.
- 3) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. The maturity date of the commercial paper must not be longer than 270 days from the purchase date, and no more than 50% of any fund may be invested in commercial paper at any time.
- 4) United States government or federal agency obligations repurchase agreements.
- 5) Bankers' acceptances of United States banks.
- 6) Mutual funds composed of investment vehicles which are legal for direct investments by the Village.

The Village's deposits and investment policy are in accordance with statutory authority.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Village's deposits are as follows:

	Carrying Amount
Cash on hand	\$ 225
Insured (FDIC)	1,173,982
Collateralized	421,779
	\$ 1,595,986
Reported in financial statements:	
Governmental funds	\$ 1,171,890
Proprietary funds (Business-type)	404,478
Fiduciary funds	17,241
	1,593,609
Component Unit: DDA	2,377
	\$ 1,595,986

The Village investments consist of certificates of deposit (CDs) with a maturity of greater than 90 days. The Village's investments consisted of the following:

Investment Type	Maturity	Market Value	Rating
Level One Bank - Collateralized CD's	Various	\$ 3,084,873	N/A
Comerica Bank	11/14/22	108,099	N/A
Flagstar Bank	12/13/22	268,330	N/A
		3,461,302	
Component Unit: DDA - Level One - CDARs		8,205	
		\$ 3,469,507	

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - CASH AND INVESTMENTS: (Continued)

The fair value measurements of the investments noted above have been classified by the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. The levels of the fair value hierarchy are as follows:

- Level 1 inputs – Quoted price for identical assets in an active market.
- Level 2 inputs – Quoted prices for similar other observable inputs.
- Level 3 inputs – Unobservable inputs for an asset.

Investments by fair value level:

Investment	Total	Level 1	Level 2	Level 3
Certificates of deposit	\$ 3,469,507	\$ 3,469,507	\$ -	\$ -

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village minimizes this risk by investing in shorter term securities and holding them to maturity.

Concentration of Credit Risk

The Village’s investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the Village’s name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Village’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by public agencies.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the Village of Manchester for the current year was as follows:

	<u>7/1/2021</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>6/30/2022</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital assets not being depreciated				
Land	\$ 132,591	\$ -	\$ -	\$ 132,591
Capital assets being depreciated				
Land improvements	2,496,744	17,096	-	2,513,840
Buildings and improvements	2,340,673	74,780	-	2,415,453
Equipment, furniture and fixtures	1,131,138	77,127	32,942	1,175,323
Infrastructure - roads	7,563,207	226,221	-	7,789,428
Subtotal	<u>13,531,762</u>	<u>395,224</u>	<u>32,942</u>	<u>13,894,044</u>
Less accumulated depreciation for				
Land improvements	707,839	113,596	-	821,435
Buildings and improvements	1,319,840	71,721	-	1,391,561
Equipment, furniture and fixtures	969,948	53,174	32,942	990,180
Infrastructure - roads	3,151,196	372,672	-	3,523,868
Subtotal	<u>6,148,823</u>	<u>611,163</u>	<u>32,942</u>	<u>6,727,044</u>
Net capital assets being depreciated	<u>7,382,939</u>	<u>(215,939)</u>	<u>-</u>	<u>7,167,000</u>
Capital assets - net of depreciation	<u>\$ 7,515,530</u>	<u>\$ (215,939)</u>	<u>\$ -</u>	<u>\$ 7,299,591</u>

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS: (Continued)

Capital asset activity of the Village of Manchester for the current year was as follows: (Continued)

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>7/1/2021</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>6/30/2022</u>
Capital assets not being depreciated				
Land	\$ 30,005	\$ -	\$ -	\$ 30,005
Capital assets being depreciated				
Buildings and improvements	419,661	7,565	-	427,226
Equipment, furniture and fixtures	857,520	115,512	-	973,032
Distribution and collections system	10,215,238	41,018	-	10,256,256
Subtotal	<u>11,492,419</u>	<u>164,095</u>	<u>-</u>	<u>11,656,514</u>
Less accumulated depreciation for				
Buildings and improvements	208,356	17,562	-	225,918
Equipment, furniture and fixtures	715,254	22,606	-	737,860
Distribution and collection system	7,111,622	164,260	-	7,275,882
Subtotal	<u>8,035,232</u>	<u>204,428</u>	<u>-</u>	<u>8,239,660</u>
Net capital assets being depreciated	<u>3,457,187</u>	<u>(40,333)</u>	<u>-</u>	<u>3,416,854</u>
Capital assets - net of depreciation	<u>\$ 3,487,192</u>	<u>\$ (40,333)</u>	<u>\$ -</u>	<u>\$ 3,446,859</u>

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

GOVERNMENTAL ACTIVITIES	<u>\$ 611,163</u>
BUSINESS TYPE ACTIVITIES	
Water	\$ 116,688
Sewer	<u>87,740</u>
Total business type activities	<u>\$ 204,428</u>

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – EMPLOYEES’ PENSION PLAN:

The Village contributes to a contributory money purchase retirement plan, administered by MERS (Municipal Employees’ Retirement System), which covers all eligible employees.

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to a participant’s account and the returns on investments of these contributions. Contributions made by the Village vest over a five-year period at 20% annually. The Village is required to match the employees’ voluntary contributions to their Section 457 Deferred Compensation Plan. The Village will match up to 6% of the employees’ gross earnings.

During the year ending June 30, 2022, the Village’s required contributions amounted to \$29,618 which was 6.00% of its current year covered payroll.

Total payroll for the fiscal year ending June 30, 2022, was \$607,050 and total payroll subject to retirement benefits was \$493,042.

The pension plan held no securities on the Village or other related parties during the year or as of the close of the fiscal year.

The Village of Manchester also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees at their option, permits participants to defer a portion (up to 75%) of their salary until future years.

NOTE 7 – OTHER POST RETIREMENT BENEFIT PLAN:

The Village provided a post-employment health care benefits plan for eligible retirees. For the year ended June 30, 2022 the Village Council voted to dissolve the plan and distribute the assets to Health Care Saving Plan for employees.

NOTE 8 – LEASES:

The Village leases a portion of it’s community building to the Manchester District Library and the Western Washtenaw Construction Authority. The library pays \$5,294 monthly with a 2% increase annually, the lease will expire on June 30, 2025. The WWCA pays \$558 monthly with the lease expiring on June 20, 2023. These leases are measured at the present value of lease payments expected to be received during the term of the leases. The lease payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

The present value was calculated using a 3% discount as determined by the management. The amortization of the deferred inflow related to leases are as follows:

<u>Date</u>	<u>Deferred Inflows</u>
6/30/23	\$ 64,732
6/30/24	58,348
6/30/25	58,348
Remaining amortization	<u>\$ 181,428</u>

Lease revenues are recorded under rental income in the General Fund financial statement.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - CHANGES IN LONG-TERM DEBT:

The general long-term debt and other long-term obligations of the Village of Manchester, and the changes therein, may be summarized as follows:

	DEBT OUT- STANDING 7/1/2021	ADDITIONS OF NEW DEBT	RETIREMENTS AND REPAYMENTS	DEBT OUT- STANDING 6/30/2022
<u>GOVERNMENTAL ACTIVITIES</u>				
2015 General Obligation Bonds, \$635,000 maturing serially in annual amounts ranging from \$25,000 to \$80,000 at an interest rate of 0.75% to 2.85%.	\$ 310,000	\$ -	\$ (75,000)	\$ 235,000
<u>BUSINESS-TYPE ACTIVITIES</u>				
2015 Act 94 - Water Supply System Revenue Bonds, \$668,024 maturing serially in annual amounts ranging from \$30,000 to \$40,000 at an interest rate of 2.50%.	\$ 528,024	\$ -	\$ (30,000)	\$ 498,024

The Governmental Activities Debt Bond was issued to finance the reconstruction of the main street bridge. Repayment of the bonds is to be made from taxes assessed. The annual requirements to maturity for principal and interest are as follows:

FISCAL YEAR DUE	PRINCIPAL	INTEREST
2023	\$ 75,000	\$ 6,353
2024	80,000	4,440
2025	80,000	2,280
	\$ 235,000	\$ 13,073

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - CHANGES IN LONG-TERM DEBT: (Continued)

The Business Type Bonds were issued to finance construction of the Village's Water & Sewer System. Repayment of the bonds is to be made from revenues generated by the system and from taxes assessed. The remaining annual requirements to maturity for principal and interest are as follows:

FISCAL YEAR DUE	PRINCIPAL	INTEREST
2023	\$ 30,000	\$ 12,076
2024	30,000	11,326
2025	30,000	10,576
2026	30,000	9,826
2027	35,000	9,013
Thereafter	343,024	40,140
	\$ 498,024	\$ 92,957

NOTE 10 – RISK MANAGEMENT:

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for claims.

NOTE 11 – JOINT VENTURE:

The Western Washtenaw Construction Authority was organized in January 2000. The Authority operates under an operating agreement between the Village of Manchester and the Townships of Manchester, Freedom and Bridgewater to provide for joint enforcement and administration of construction codes. The agreement provides that if for any reason the expenditures exceed the revenues during any fiscal year, the Authority may require a contribution from the participants.

NOTE 12 – INTERFUND TRANSFERS:

Fund	Transfers In	Transfers Out
Municipal Street	\$ -	\$ 76,000
Major Street	16,000	-
Local Street	60,000	-
Total	\$ 76,000	\$ 76,000

Transfers are used to move revenues from the fund that is required to collect them to the funds that are required or allowed to expend them.

VILLAGE OF MANCHESTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – SUBSEQUENT EVENTS:

Management has evaluated subsequent events through October 17, 2022, the date on which the financial statements were available to be issued.

The Village secured a bond for improvements in the water and sewer system infrastructure in the amount of \$2,800,000 after June 30, 2022.

VILLAGE OF MANCHESTER
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Property taxes	\$ 706,426	\$ 706,426	\$ 704,909	\$ (1,517)
Franchise fees	28,000	29,900	29,852	(48)
Licenses and permits	3,550	3,550	6,235	2,685
Fees and fines	4,700	6,700	6,285	(415)
Intergovernmental				
Sales tax	212,000	218,000	249,133	31,133
Personal property tax reimbursement	98,650	198,650	199,237	587
State liquor control	2,500	2,500	2,498	(2)
State Metro Act	9,500	9,500	10,291	791
Total	322,650	428,650	461,159	32,509
Charges for services				
Reimbursed services	12,125	12,125	12,778	653
Garbage pickup	98,250	104,250	104,408	158
Total	110,375	116,375	117,186	811
Rental income	90,100	80,100	84,221	4,121
Interest income	2,125	2,125	8,354	6,229
Other revenues	-	3,000	3,938	938
Total Revenues	\$ 1,267,926	\$ 1,376,826	\$ 1,422,139	\$ 45,313

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES:				
LEGISLATIVE:				
VILLAGE COUNCIL:				
Salaries and wages	\$ -	\$ -	\$ 39,992	\$ -
Payroll taxes	-	-	2,957	-
Employee benefits	-	-	6,922	-
Operating supplies	-	-	202	-
Memberships	-	-	2,491	-
Senior Citizens	-	-	3,000	-
Community Resource Center	-	-	3,000	-
Contracted services - other	-	-	7,800	-
Printing	-	-	308	-
Miscellaneous	-	-	130	-
Total legislative	<u>110,550</u>	<u>90,550</u>	<u>66,802</u>	<u>23,748</u>
GENERAL GOVERNMENT:				
ADMINISTRATION:				
Salaries and wages	-	-	103,078	-
Payroll taxes	-	-	7,720	-
Employee benefits	-	-	20,411	-
Operating supplies	-	-	4,441	-
Postage	-	-	4,025	-
Telephone	-	-	3,970	-
Memberships	-	-	325	-
Legal fees	-	-	13,036	-
Audit fees	-	-	3,570	-
Contracted services - other	-	-	1,445	-
Garbage services	-	-	99,077	-
Internet	-	-	2,093	-
Printing	-	-	128	-
Insurance	-	-	8,433	-
Travel	-	-	1,170	-
Repairs and maintenance	-	-	6,844	-
Miscellaneous	-	-	277	-
Bank fees	-	-	1,004	-
Capital Outlay	-	-	5,891	-
Total	<u>280,945</u>	<u>300,945</u>	<u>286,938</u>	<u>14,007</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES: (Continued)				
BUILDING AND GROUNDS:				
Salaries and wages	-	-	12,022	-
Payroll taxes	-	-	892	-
Employee benefits	-	-	2,052	-
Operating supplies	-	-	4,500	-
Public utilities	-	-	55,156	-
Insurance	-	-	7,309	-
Contracted services - cleaning	-	-	28,825	-
Contracted services - other	-	-	10,957	-
Repairs and maintenance	-	-	8,103	-
Allocation of equipment costs	-	-	12,058	-
Capital outlay	-	-	74,780	-
Total	<u>257,550</u>	<u>238,550</u>	<u>216,654</u>	<u>21,896</u>
Total general government	<u>538,495</u>	<u>539,495</u>	<u>503,592</u>	<u>35,903</u>
PUBLIC WORKS:				
DEPARTMENT OF PUBLIC WORKS:				
Operating supplies	-	-	2,982	-
Uniforms	-	-	1,482	-
Contracted services - other	-	-	60	-
Telephone	-	-	2,722	-
Miscellaneous	-	-	192	-
Total	<u>7,825</u>	<u>7,825</u>	<u>7,438</u>	<u>387</u>
TREES:				
Salaries and wages	-	-	2,636	-
Payroll taxes	-	-	195	-
Employee benefits	-	-	572	-
Operating supplies	-	-	4,103	-
Contracted services - other	-	-	10,080	-
Allocation of equipment costs	-	-	2,714	-
Total	<u>20,800</u>	<u>21,800</u>	<u>20,300</u>	<u>1,500</u>
SIDEWALKS:				
Salaries and wages	-	-	26	-
Payroll taxes	-	-	2	-
Employee benefits	-	-	8	-
Allocation of equipment costs	-	-	45	-
Capital outlay	-	-	17,096	-
Total	<u>16,925</u>	<u>17,925</u>	<u>17,177</u>	<u>748</u>
LIGHTING:				
Street lighting	<u>52,000</u>	<u>52,000</u>	<u>49,027</u>	<u>2,973</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES: (Continued)				
PUBLIC WORKS: (Continued)				
CHIPPING/LEAF PICKUP				
Salaries and wages	-	-	12,921	-
Payroll taxes	-	-	969	-
Employee benefits	-	-	2,360	-
Contracted services - other	-	-	1,290	-
Allocation of equipment costs	-	-	20,638	-
Total	41,925	41,925	38,178	3,747
 Total public works	 139,475	 141,475	 132,120	 9,355
	-			
PUBLIC SAFETY:				
POLICE:				
Police services	-	-	506,785	-
Legal fees	-	-	3,062	-
Total	516,349	516,349	509,847	6,502
 PLANNING COMMISSION:				
Salaries and wages	-	-	1,425	-
Payroll taxes	-	-	109	-
Employee benefits	-	-	26	-
Memberships	-	-	675	-
Contracted services - other	-	-	4,765	-
Planning services	-	-	10,803	-
Total	13,150	16,150	17,803	(1,653)
 Total public safety	 529,499	 532,499	 527,650	 4,849
 Total expenditures	 1,318,019	 1,304,019	 1,230,164	 73,855
 Excess of revenues over expenditures before other financing sources (uses)	 (50,093)	 72,807	 191,975	 119,168
 Other financing sources (Uses)				
Operating transfers (out)	(8,000)	(8,000)	(8,000)	-
 Net change in fund balances	 (58,093)	 64,807	 183,975	 119,168
 Fund balance, beginning of year	 1,870,411	 1,870,411	 1,870,411	 -
 Fund balance, end of year	 \$ 1,812,318	 \$ 1,935,218	 \$ 2,054,386	 \$ 119,168

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND
YEAR ENDED JUNE 30, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
State shared revenues - Act 51	\$ 222,700	\$ 222,700	\$ 229,951	\$ 7,251
Property taxes	71,600	71,600	71,578	(22)
Personal property tax reimbursement	11,575	27,075	27,316	241
Grants and contributions	-	22,350	22,361	11
Reimbursed services	2,000	2,000	2,443	443
Interest income	125	125	273	148
Total revenues	<u>308,000</u>	<u>345,850</u>	<u>353,922</u>	<u>8,072</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
ADMINISTRATION:				
Salaries and wages	-	-	25,375	-
Payroll taxes	-	-	1,876	-
Employee benefits	-	-	6,854	-
Memberships	-	-	400	-
Insurance	-	-	1,070	-
Audit services	-	-	630	-
Total General Government	<u>34,780</u>	<u>37,780</u>	<u>36,205</u>	<u>1,575</u>
PUBLIC WORKS:				
STREET MAINTENANCE:				
Salaries and wages	-	-	28,710	-
Payroll taxes	-	-	2,097	-
Employee benefits	-	-	7,987	-
Operating supplies	-	-	975	-
Repairs and maintenance	-	-	1,430	-
Allocation of equipment costs	-	-	20,099	-
Capital outlay - Roads	-	-	60,210	-
Total	<u>77,500</u>	<u>124,875</u>	<u>121,508</u>	<u>3,367</u>
BRIDGE MAINTENANCE:				
Salaries and wages	-	-	73	-
Payroll taxes	-	-	5	-
Employee benefits	-	-	16	-
Contracted services - other	-	-	4,382	-
Allocation of equipment costs	-	-	28	-
Total	<u>2,575</u>	<u>9,575</u>	<u>4,504</u>	<u>5,071</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND
YEAR ENDED JUNE 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES (Continued):				
PUBLIC WORKS: (Continued)				
WINTER MAINTENANCE:				
Salaries and wages	-	-	4,440	-
Payroll taxes	-	-	331	-
Employee benefits	-	-	1,017	-
Operating supplies	-	-	3,232	-
Allocation of equipment costs	-	-	9,291	-
Total	19,450	18,375	18,311	64
TRAFFIC SERVICES:				
Salaries and wages	-	-	2,212	-
Payroll taxes	-	-	144	-
Employee benefits	-	-	527	-
Operating supplies	-	-	2,662	-
Allocation of equipment costs	-	-	1,848	-
Total	10,750	10,750	7,393	3,357
Total public works	110,275	163,575	151,716	11,859
DEBT SERVICE:				
Bond principal payments	-	-	75,000	-
Interest	-	-	7,853	-
Total debt service	83,155	83,155	82,853	302
Total expenditures	228,210	284,510	270,774	13,736
Excess of revenues over expenditures before other financing sources (uses)	79,790	61,340	83,148	21,808
OTHER FINANCING SOURCES (USES) -				
Operating transfers in (out)	12,510	15,510	16,000	490
NET CHANGE IN FUND BALANCE	92,300	76,850	99,148	22,298
FUND BALANCE, BEGINNING OF YEAR	162,247	162,247	162,247	-
FUND BALANCE, END OF YEAR	\$ 254,547	\$ 239,097	\$ 261,395	\$ 22,298

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET FUND
YEAR ENDED JUNE 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
REVENUES:				
State shared revenues - Act 51	\$ 86,625	\$ 86,625	\$ 87,972	\$ 1,347
PA 283 County road millage	26,000	54,000	54,460	460
Grants and contributions	-	74,850	74,860	10
Reimbursed services	-	-	587	587
Interest income	25	25	28	3
Total revenues	<u>112,650</u>	<u>215,500</u>	<u>217,907</u>	<u>2,407</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
ADMINISTRATION:				
Salaries and wages	-	-	21,593	-
Payroll taxes	-	-	1,605	-
Employee benefits	-	-	5,803	-
Memberships	-	-	400	-
Audit services	-	-	420	-
Insurance	-	-	2,120	-
Total General Government	<u>30,545</u>	<u>33,745</u>	<u>31,941</u>	<u>1,804</u>
PUBLIC WORKS:				
STREET MAINTENANCE:				
Salaries and wages	-	-	28,065	-
Payroll taxes	-	-	2,057	-
Employee benefits	-	-	7,872	-
Operating supplies	-	-	734	-
Repairs and maintenance	-	-	1,430	-
Allocation of equipment costs	-	-	20,791	-
Capital outlay - Roads	-	-	166,011	-
Total	<u>250,675</u>	<u>459,075</u>	<u>226,960</u>	<u>232,115</u>
WINTER MAINTENANCE:				
Salaries and wages	-	-	3,424	-
Payroll taxes	-	-	255	-
Employee benefits	-	-	807	-
Operating supplies	-	-	3,232	-
Allocation of equipment costs	-	-	6,257	-
Total	<u>16,500</u>	<u>14,300</u>	<u>13,975</u>	<u>325</u>
BRIDGE MAINTENANCE:				
Operating supplies	-	-	-	-
Contracted services - other	-	-	-	-
Total	<u>75</u>	<u>75</u>	<u>-</u>	<u>75</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET FUND
YEAR ENDED JUNE 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES: (Continued)				
PUBLIC WORKS: (Continued)				
TRAFFIC SERVICES:				
Salaries and wages	-	-	1,363	-
Payroll taxes	-	-	89	-
Employee benefits	-	-	311	-
Operating supplies	-	-	2,808	-
Allocation of equipment costs	-	-	1,398	-
Total	<u>9,500</u>	<u>9,500</u>	<u>5,969</u>	<u>3,531</u>
 Total public works	<u>276,750</u>	<u>482,950</u>	<u>246,904</u>	<u>236,046</u>
 Total expenditures	<u>307,295</u>	<u>516,695</u>	<u>278,845</u>	<u>237,850</u>
 Excess of revenues over expenditures before other financing sources (uses)	<u>(194,645)</u>	<u>(301,195)</u>	<u>(60,938)</u>	<u>240,257</u>
OTHER FINANCING SOURCES (USES) -				
Operating transfers in (out)	<u>194,645</u>	<u>300,995</u>	<u>60,000</u>	<u>(240,995)</u>
NET CHANGE IN FUND BALANCE	-	(200)	(938)	(738)
FUND BALANCE, BEGINNING OF YEAR	<u>12,969</u>	<u>12,969</u>	<u>12,969</u>	-
FUND BALANCE, END OF YEAR	<u>\$ 12,969</u>	<u>\$ 12,769</u>	<u>\$ 12,031</u>	<u>\$ (738)</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL STREET FUND
YEAR ENDED JUNE 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE (NEGATIVE)</u>
REVENUES:				
Property taxes	\$ 151,100	\$ 151,100	\$ 151,087	\$ (13)
Personal property tax reimbursement	21,150	42,650	42,715	65
Interest income	915	915	640	(275)
Total revenues	<u>173,165</u>	<u>194,665</u>	<u>194,442</u>	<u>(223)</u>
OTHER FINANCING SOURCES (USES) -				
Operating transfers in (out)	<u>(207,155)</u>	<u>(316,505)</u>	<u>(76,000)</u>	<u>240,505</u>
NET CHANGE IN FUND BALANCE	(33,990)	(121,840)	118,442	240,282
FUND BALANCE, BEGINNING OF YEAR	<u>493,470</u>	<u>493,470</u>	<u>493,470</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 459,480</u>	<u>\$ 371,630</u>	<u>\$ 611,912</u>	<u>\$ 240,282</u>

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

VILLAGE OF MANCHESTER
BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION FUND
YEAR ENDED JUNE 30, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
REVENUES:				
Property taxes	\$ 40,267	\$ 40,267	\$ 40,210	\$ (57)
Personal property tax reimbursement	5,625	11,325	11,360	35
Interest income	75	75	98	23
Other revenues	200	200	220	20
Contributions	-	6,000	6,025	25
Total revenues	<u>46,167</u>	<u>57,867</u>	<u>57,913</u>	<u>46</u>
EXPENDITURES:				
Salaries and wages	-	-	24,159	-
Payroll taxes	-	-	1,815	-
Employee benefits	-	-	3,112	-
Operating supplies	-	-	5,520	-
Contracted services - other	-	-	6,313	-
Audit services	-	-	320	-
Public utilities	-	-	2,567	-
Insurance	-	-	1,124	-
Repairs and maintenance	-	-	492	-
Port-a-jons	-	-	2,883	-
Allocation of equipment costs	-	-	7,000	-
Total expenditures	<u>69,770</u>	<u>70,770</u>	<u>55,305</u>	<u>15,465</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>(23,603)</u>	<u>(12,903)</u>	<u>2,608</u>	<u>15,511</u>
OTHER FINANCING SOURCES (USES) -				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(23,603)</u>	<u>(12,903)</u>	<u>2,608</u>	<u>15,511</u>
FUND BALANCE, BEGINNING OF YEAR	<u>102,646</u>	<u>102,646</u>	<u>102,646</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 79,043</u>	<u>\$ 89,743</u>	<u>\$ 105,254</u>	<u>\$ 15,511</u>

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

VILLAGE OF MANCHESTER

OTHER INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

VILLAGE OF MANCHESTER
SCHEDULE OF INDEBTEDNESS
 JUNE 30, 2022

	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>DATE OF MATURITY</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
<u>GOVERNMENTAL ACTIVITIES</u>						
UNLIMITED TAX GENERAL OBLIGATION BONDS	6/10/2015	\$ 635,000	2.55%	5/1/2023	75,000	6,353
			2.70%	5/1/2024	80,000	4,440
			2.85%	5/1/2025	80,000	2,280
Total Governmental Activities					<u>\$ 235,000</u>	<u>\$ 13,073</u>
<u>BUSINESS TYPE ACTIVITIES</u>						
<u>MICHIGAN MUNICIPAL BOND AUTHORITY</u>						
Michigan Drinking Water Revolving Fund	6/25/2015	\$ 688,024	2.50%	10/1/2022	\$ 30,000	\$ 12,076
			2.50%	10/1/2023	30,000	11,326
			2.50%	10/1/2024	30,000	10,576
			2.50%	10/1/2025	30,000	9,826
			2.50%	10/1/2026	35,000	9,013
			2.50%	10/1/2027	35,000	8,138
			2.50%	10/1/2028	35,000	7,263
			2.50%	10/1/2029	35,000	6,388
			2.50%	10/1/2030	35,000	5,513
			2.50%	10/1/2031	40,000	4,576
			2.50%	10/1/2032	40,000	3,576
			2.50%	10/1/2033	40,000	2,576
			2.50%	10/1/2034	40,000	1,576
			2.50%	10/1/2035	43,024	534
Total Water and Sewer Enterprise Funds					<u>\$ 498,024</u>	<u>\$ 92,957</u>

MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

2880 SPRING ARBOR ROAD • JACKSON • MICHIGAN • 49203

PHONE (517) 782-9351

FAX (517) 782-0599

COMMUNICATION OF AUDITOR/VILLAGE RESPONSIBILITY

Village Council
Village of Manchester
Washtenaw County, Michigan

We have audited the financial statements of the government activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Manchester for the year ended June 30, 2022, and have issued our report thereon dated October 17, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated September 26, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Manchester are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Village of Manchester during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 estimates affecting the financial statements were:

The interest rate component for the lease receivable.

The depreciable lives of the capital assets. We evaluated the lives of each of the assets to determine that they are being expensed over the proper period of time.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 17, 2022.

Village Council
Village of Manchester
Page Three

Management Consultations with Other Independent Accountants

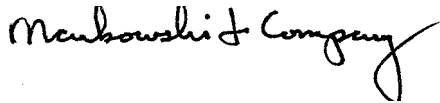
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Village of Manchester’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our 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 Village of Manchester’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Village Council and management of the Village of Manchester and should not be used for any other purpose.

Very truly yours,



MARKOWSKI & COMPANY CPAs

October 17, 2022