

VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND

COMPARATIVE STATEMENT OF NET POSITION

	<u>As Of</u>		
	<u>3/31/2021</u>	<u>3/31/2022</u>	<u>3/31/2023</u>
	(-----Per Audit-----)		
Assets			
Current assets:			
Cash and investments	\$822,792	\$622,199	\$612,206
Accounts receivable	53,428	63,641	69,979
Due from other governmental units	4,843	-	-
Total current assets	<u>881,063</u>	<u>685,840</u>	<u>682,185</u>
Noncurrent assets:			
Restricted cash	163,000	163,000	163,000
Capital assets not being depreciated	13,500	13,500	13,500
Capital assets being depreciated, net	1,591,095	1,626,791	1,414,731
Total noncurrent assets	<u>1,767,595</u>	<u>1,803,291</u>	<u>1,591,231</u>
 Total Assets	 <u>\$2,648,658</u>	 <u>\$2,489,131</u>	 <u>\$2,273,416</u>
 Deferred Outflows of Resources			
Pension related	<u>4,105</u>	<u>4,431</u>	<u>8,928</u>
 Liabilities			
Current liabilities:			
Accounts payable	\$139	\$11,677	\$4,783
Payroll liabilities	17,417	952	1,355
Unearned revenue	-	-	65,680
Current portion of long-term debt	80,000	83,000	87,000
Total current liabilities	<u>97,556</u>	<u>95,629</u>	<u>158,818</u>
Noncurrent liabilities:			
Long-term debt	1,797,221	1,660,000	1,573,000
Net pension liability	214,103	215,168	214,194
Total noncurrent liabilities	<u>2,011,324</u>	<u>1,875,168</u>	<u>1,787,194</u>
 Total Liabilities	 <u>2,108,880</u>	 <u>1,970,797</u>	 <u>1,946,012</u>
 Deferred Inflows of Resources			
Pension related deferred inflows	<u>9,533</u>	<u>15,566</u>	<u>-</u>
 Net Position			
Net investment in capital assets	(272,626)	-	-
Restricted for debt service	163,000	163,000	163,000
Unrestricted	643,976	344,199	173,332
 Total Net Position	 <u>534,350</u>	 <u>507,199</u>	 <u>336,332</u>
 Total Liabilities and Net Position	 <u>\$2,643,230</u>	 <u>\$2,477,996</u>	 <u>\$2,282,344</u>

VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year Ended		
	<u>3/31/2021</u>	<u>3/31/2022</u>	<u>3/31/2023</u>
	(-----Per Audit-----)		
Operating Revenues			
Charges for services	\$343,526	\$338,837	\$336,330
Operating Expenses			
Wages and fringes	199,731	120,422	112,111
Supplies	14,929	10,817	10,553
Contractual services	7,442	4,442	28,359
Communications and utilities	57,393	44,610	42,535
Other services and charges	12,715	17,418	16,316
Equipment rental	12,918	2,582	12,276
Subtotal	<u>305,128</u>	<u>200,291</u>	<u>222,150</u>
Depreciation expense	204,594	207,657	212,060
Total operating expenses	<u>509,722</u>	<u>407,948</u>	<u>434,210</u>
Net operating income (loss)	<u>(166,196)</u>	<u>(69,111)</u>	<u>(97,880)</u>
Non-Operating Revenues (Expenses)			
Investment earnings	2,482	1,252	1,217
Grants	-	65,681	-
Other non-operating revenue	219	55,262	2,364
Interest expense	<u>(76,661)</u>	<u>(80,235)</u>	<u>(76,568)</u>
Total non-operating revenues (expenses)	<u>(73,960)</u>	<u>41,960</u>	<u>(72,987)</u>
Change in net position	<u>(240,156)</u>	<u>(27,151)</u>	<u>(170,867)</u>
Net position, beginning of year	<u>774,506</u>	<u>534,350</u>	<u>507,199</u>
Net position, end of year	<u><u>\$534,350</u></u>	<u><u>\$507,199</u></u>	<u><u>\$336,332</u></u>

VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND

COMPARATIVE DETAIL OF OPERATING EXPENSES

		<u>Fiscal Year Ended</u>			<u>Test Year</u>	<u>Multiplier</u>
		<u>3/31/2022</u>	<u>3/31/2023</u>	<u>3/31/2024</u>		
		(-----Per Client-----)				
Fund 590 - Sewer Fund						
Dept. 191 - Administration						
702.000	Salary/Wages	\$28,168	\$33,086	\$29,634	\$29,634	3.0%
711.000	Workers Comp	232	96	85	85	3.0%
712.000	Unemployment	52	7	7	7	3.0%
715.000	F.I.C.A./Med	3,674	2,713	2,553	2,553	3.0%
716.000	Hospitalization	16,847	14,162	13,082	13,082	3.0%
717.000	Employee Life & Disability Insurance	59	56	59	59	3.0%
718.000	Employer Retirement Contribution	10,547	(735)	4,970	4,970	3.0%
718.300	MERS 401A Employer Match	771	1,115	1,056	1,056	3.0%
720.000	Holiday Pay	753	669	705	705	3.0%
722.000	Vacation/PTO Pay	53	1,630	1,513	1,513	3.0%
723.000	Personal Days	2,985	316	333	333	3.0%
723.100	Funeral Leave	-	126	133	133	3.0%
724.000	Birthday Pay	41	42	44	44	3.0%
727.000	Office Supplies	277	-	-	-	0.0%
730.000	Postage	2,905	3,108	3,098	3,098	3.0%
741.000	Supplies & Materials	301	1,382	1,458	1,458	3.0%
757.000	Credit Card Service Fees	588	622	608	608	3.0%
801.000	Professional Services	295	-	-	-	0.0%
801.100	Professional Services - Audit	1,320	1,400	1,477	1,477	3.0%
801.200	Professional Services - Legal	-	117	123	123	3.0%
801.701	Professional Services - Ordinances	-	532	561	561	3.0%
850.000	Telephone & Communications	-	78	82	82	3.0%
860.000	Transportation & Travel	120	168	177	177	3.0%
865.000	Training/Meetings	-	130	137	137	3.0%
911.000	Insurance/Bonds	8,641	314	332	332	3.0%
956.000	Miscellaneous	237	-	-	-	0.0%
980.000	Office Equipment	1,537	783	826	826	3.0%
990.300	Misc. Exp.	-	120	127	127	3.0%
	Total Dept. 191 - Administration	<u>80,401</u>	<u>62,037</u>	<u>63,180</u>	<u>63,180</u>	
Dept. 490 - Administration						
741.000	Supplies & Materials	<u>611</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Dept. 551 - Construction						
801.600	Professional Services - Engineering	<u>852</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Dept. 554 - Sewer Plant Operations						
702.000	Salary/Wages	7,098	7,513	7,439	7,439	3.0%
711.000	Workers Comp	1,118	155	149	149	3.0%
712.000	Unemployment	1	1	1	1	3.0%
715.000	F.I.C.A./Med	620	672	672	672	3.0%
716.000	Hospitalization	5,545	4,658	4,548	4,548	3.0%
717.000	Employee Life & Disability Insurance	13	9	9	9	3.0%
718.000	Employer Retirement Contribution - MERS	3,466	(489)	3,620	3,620	3.0%
718.301	MERS HCSP Employer Match	-	182	-	-	0.0%
865.000	Training/Meetings	-	1,276	1,346	1,346	3.0%
911.000	Insurance/Bonds	953	8,893	9,382	9,382	3.0%
930.000	Repairs & Maintenance	852	-	-	-	0.0%
955.000	Samples & Testing	1,640	2,590	2,732	2,732	3.0%
	Total Dept. 554 - Sewer Plant Operations	<u>21,305</u>	<u>25,462</u>	<u>29,898</u>	<u>29,898</u>	

VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND

COMPARATIVE DETAIL OF OPERATING EXPENSES

	Fiscal Year Ended			Test Year	Multiplier	
	3/31/2022	3/31/2023	3/31/2024			
	(------Per Client-----)					
Operating Expenses (Continued)						
Dept. 555 - Operations of Sewer System						
702.000	Salary/Wages	13,252	19,964	20,440	20,440	3.0%
711.000	Workers Comp	645	459	456	456	3.0%
712.000	Unemployment	1	2	2	2	3.0%
715.000	F.I.C.A./Med	1,411	1,922	1,946	1,946	3.0%
716.000	Hospitalization	9,726	18,377	18,283	18,283	3.0%
717.000	Employee Life & Disability Insurance	29	35	37	37	3.0%
718.000	Employer Retirement Contribution	7,908	(1,293)	9,747	9,747	3.0%
718.300	MERS 401A Employer Match	-	162	161	161	3.0%
718.301	MERS HCSP Employer Match	-	484	-	-	0.0%
720.000	Holiday Pay	981	1,041	1,098	1,098	3.0%
721.000	Sick Pay	861	381	276	276	3.0%
722.000	Vacation/PTO Pay	2,459	2,730	2,556	2,556	3.0%
723.000	Personal Days	153	117	123	123	3.0%
723.100	Funeral Leave	34	81	85	85	3.0%
724.000	Birthday Pay	122	85	90	90	3.0%
725.000	Clothing Allowance	191	372	392	392	3.0%
725.200	Longevity	606	589	621	621	3.0%
741.000	Supplies & Materials	4,390	5,225	4,904	4,904	3.0%
755.000	Gas & Fuel	669	55	58	58	3.0%
760.000	Equipment Rentals	2,582	12,276	12,509	12,509	3.0%
806.000	Contracted Services Building & Grounds	1,975	22,625	1,978	1,978	3.0%
830.000	Telephone & Communications	-	81	-	-	0.0%
850.000	Telephone & Communications	1,396	1,971	2,079	2,079	3.0%
865.000	Training/Meetings	1,407	137	145	145	3.0%
921.000	Electric Bills	42,368	39,362	37,391	37,391	4.0%
928.000	Natural Gas Bills	846	1,124	965	965	4.0%
930.000	Repairs & Maintenance	3,107	2,186	2,306	2,306	3.0%
969.000	Depreciation Expense	-	-	- [1]	-	0.0%
981.203	US-45 Manhole Replacement	-	500	527	527	3.0%
	Total Dept. 555 - Operations of Sewer System	<u>97,119</u>	<u>131,048</u>	<u>119,175</u>	<u>119,175</u>	
Dept. 557 - Water Distribution System						
930.101	Project Plan	-	3,604	-	-	0.0%
Dept. 906 - Debt Service						
991.000	Debt Service - Interest	-	-	- [2]	-	0.0%
	Total Sewer Operating Expenses	<u>\$200,288</u>	<u>\$222,151</u>	<u>\$212,253</u>	<u>\$212,253</u>	

[1] Depreciation Expense is removed from this section of the report. This item is addressed later in the report.

[2] Bond Interest is removed from this section of the report. This item is addressed later in the report.

VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND

**SCHEDULE OF AMORTIZATION OF \$1,660,000 PRINCIPAL AMOUNT OUTSTANDING
OF 1996 USDA REVENUE BONDS**

Payment Date	Principal Balance (In Dollars)	Interest Rate (%)	Debt Service			Fiscal Year Total
			Principal	Interest	Total	
-----In Dollars-----						
09/01/23	\$1,660,000	4.50	\$87,000	\$37,350.00	\$124,350.00	
03/01/24	1,573,000			35,392.50	35,392.50	\$159,742.50
09/01/24	1,573,000	4.50	92,000	35,392.50	127,392.50	
03/01/25	1,481,000			33,322.50	33,322.50	160,715.00
09/01/25	1,481,000	4.50	95,000	33,322.50	128,322.50	
03/01/26	1,386,000			31,185.00	31,185.00	159,507.50
09/01/26	1,386,000	4.50	100,000	31,185.00	131,185.00	
03/01/27	1,286,000			28,935.00	28,935.00	160,120.00
09/01/27	1,286,000	4.50	104,000	28,935.00	132,935.00	
03/01/28	1,182,000			26,595.00	26,595.00	159,530.00
09/01/28	1,182,000	4.50	110,000	26,595.00	136,595.00	
03/01/29	1,072,000			24,120.00	24,120.00	160,715.00
09/01/29	1,072,000	4.50	115,000	24,120.00	139,120.00	
03/01/30	957,000			21,532.50	21,532.50	160,652.50
09/01/30	957,000	4.50	120,000	21,532.50	141,532.50	
03/01/31	837,000			18,832.50	18,832.50	160,365.00
09/01/31	837,000	4.50	125,000	18,832.50	143,832.50	
03/01/32	712,000			16,020.00	16,020.00	159,852.50
09/01/32	712,000	4.50	130,000	16,020.00	146,020.00	
03/01/33	582,000			13,095.00	13,095.00	159,115.00
09/01/33	582,000	4.50	136,000	13,095.00	149,095.00	
03/01/34	446,000			10,035.00	10,035.00	159,130.00
09/01/34	446,000	4.50	142,000	10,035.00	152,035.00	
03/01/35	304,000			6,840.00	6,840.00	158,875.00
09/01/35	304,000	4.50	149,000	6,840.00	155,840.00	
03/01/36	155,000			3,487.50	3,487.50	159,327.50
09/01/36	155,000	4.50	155,000	3,487.50	158,487.50	158,487.50
Totals			<u>\$1,660,000</u>	<u>\$576,135.00</u>	<u>\$2,236,135.00</u>	<u>\$2,236,135.00</u>

VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND

CASH FLOW ANALYSIS

	2023/24	2024/25				Increases Per Year	2025/26	2026/27	2027/28	2028/29	2029/30
		One-Time Increase	April - Sept.	One-Time Increase	Oct. - March						
Assumptions											
Debt Fee Customer Count	891		891		891		891	891	891	891	
Debt Fee (per month)	\$21.00	\$7.50	\$28.50	\$7.50	\$36.00	0.00%	\$36.00	\$36.00	\$36.00	\$36.00	
Billable Flow (1,000 gal.)	18,000		9,000		9,000		18,000	18,000	18,000	18,000	
Consumption Charge (per 1,000 gal.)	\$6.00	\$1.00	\$7.00	\$1.00	\$8.00	5.00%	\$8.40	\$8.82	\$9.26	\$9.72	
<i>Typical homeowner's monthly bill (assumes 4,500 gallons/month)</i>	\$48.00		\$60.00		\$72.00		\$73.80	\$75.69	\$77.67	\$79.76	
Revenue											
Debt Fee	\$224,532		\$152,361		\$192,456		\$384,912	\$384,912	\$384,912	\$384,912	
Consumption Charge	108,000		63,000		72,000		151,200	158,760	166,698	175,033	
ARPA Grant	69,286		-		-		-	-	-	-	
Interest Income	1,000		-		1,000		1,000	1,000	1,000	1,000	
Total Revenues	402,818		215,361		265,456		537,112	544,672	552,610	560,945	
Less: Total Operating Expenditures	(212,253)		(109,502)		(109,502)		(225,973)	(233,167)	(240,594)	(248,260)	
Net Operating Revenue	190,565		105,859		155,954		311,139	311,505	312,016	312,685	
Less: Current Debt Service Payments	(159,743)		(127,393)		(33,323)		(159,508)	(160,120)	(159,530)	(160,715)	
Estimated Debt Service #1 2024 CWSRF Bonds [1]	-		-		-		(70,000)	(80,000)	(145,000)	(145,000)	
Estimated Cash-Funded Capital Improvements	(35,000)		-		-		-	(5,000)	-	-	
Net Cash Flow	(\$4,178)		(\$21,534)		\$122,631		\$81,631	\$66,385	\$7,486	\$6,970	
<i>Cash & Investments</i>	<i>\$779,600</i>	<i>\$775,423</i>	<i>\$753,889</i>		<i>\$876,521</i>		<i>\$958,152</i>	<i>\$1,024,537</i>	<i>\$1,032,023</i>	<i>\$1,038,993</i>	
<i>Less: Debt Service Reserve [2]</i>	<i>(163,000)</i>	<i>(163,000)</i>	<i>(163,000)</i>		<i>(163,000)</i>		<i>(163,000)</i>	<i>(163,000)</i>	<i>(163,000)</i>	<i>(163,000)</i>	
<i>Unrestricted, RRI Cash and Investments</i>	<u><i>\$616,600</i></u>	<u><i>\$612,423</i></u>	<u><i>\$590,889</i></u>		<u><i>\$713,521</i></u>		<u><i>\$795,152</i></u>	<u><i>\$861,537</i></u>	<u><i>\$869,023</i></u>	<u><i>\$875,993</i></u>	
										<u><i>\$883,862</i></u>	

[1] Estimated debt service payments based on a \$3,222,500 30-year CWSRF bond issue at an interest rate of 2.00%. Total project assumed to be \$6,445,000 with \$3,222,500 principal forgiveness.

[2] Accumulated, includes 1996 USDA Bonds.