

VILLAGE OF PINCKNEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

VILLAGE OF PINCKNEY

OFFICIALS

President - Linda Lavey
Treasurer / Secretary - Michelle Brunner
Clerk - Amy Salowitz

VILLAGE COUNCIL

Kayla Dombrowski
Rebecca Foster
Eirik Kauserud
Linda Lavey
Thomas Pais
Shawn Tibus
Robert Vedder

VILLAGE AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
GOVERNMENT - WIDE FINANCIAL STATEMENTS	
Statement of Net Position	18
Statement of Activities	19
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	21
Reconciliation of the Governmental Balance Sheet to the Governmental Activities Statement of Net Position	22
Reconciliation of Total Downtown Development Authority Component Unit Fund Balances to Net Position of Downtown Development Authority Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	24
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Downtown Development Authority Component Unit to the Statement of Activities	26
Statement of Net Position - Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29
Fiduciary Funds - Statement of Assets and Liabilities	30
NOTES TO FINANCIAL STATEMENTS	32
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	58
Major Street Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	59
Local Street Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60
General Highway Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61
Schedule of Pension Funding Progress (Unaudited)	62
Schedule of Other Post-Employment Benefit Funding Progress (Unaudited)	64

TABLE OF CONTENTS

<u>SUPPLEMENTARY INFORMATION</u>	<u>PAGE NUMBER</u>
COMBINING FUND FINANCIAL STATEMENTS OF NONMAJOR FUNDS	
Combining Balance Sheets - Funds Included in GASB 54 Consolidation	67
Combining Balance Sheets - Nonmajor Governmental Funds	68
Statement of Revenues, Expenditures and Changes in Fund Balances - Funds Included in GASB 54 Consolidation	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	70
FUND FINANCIAL STATEMENTS OF COMPONENT UNIT	
DOWNTOWN DEVELOPMENT AUTHORITY FUND FINANCIAL STATEMENTS	
Balance Sheet	73
Statement of Revenues, Expenditures and Changes in Fund Balance	74



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INDEPENDENT AUDITORS' REPORT

November 13, 2017

To the Village Council
Village of Pinckney
220 South Howell St.
Pinckney, MI 48169

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pinckney, Michigan as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pinckney, Michigan, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and schedules of pension and other post employment benefit funding progress on pages 8-15 and 58-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 supplementary 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Pinckney, Michigan's basic financial statements. The combining individual, nonmajor and component unit fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining individual, nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

June 30, 2017

Within this section of the Village of Pinckney's annual financial report, the Village's management is providing a narrative discussion and analysis of the financial activities of the Village for the year ended June 30, 2017. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Village's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$13,965,385 (net position). Of this amount, \$4,590,520 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$277,229.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,303,132, an increase of \$406,482 in comparison with the prior year. The combined ending fund balance consists of non-spendable items (2.6%), restricted amounts (41.3%), committed amounts per Village Council (13.1%), assigned amounts (6.2%), and unassigned fund balance of \$847,700 (36.8%) which is available for spending at the government's discretion.

The Village of Pinckney's total long-term obligations increased by \$35,482 during the current year, as a result of a new capital lease obligation of \$154,000, and other long-term obligations of \$4,628, less annual principal payments of \$123,146.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Pinckney's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. The Village also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to private sector business. The Village's annual reports include two government-wide financial statements (Statement of Net Position and Statement of Activities). Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village as a whole is improving or deteriorating. Evaluation of the overall health of the Village may extend to various non-financial factors as well.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. The design of this statement is to show the financial reliance of the Village's distinct activities or functions on the revenues generated by the Village.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include such activities as general government, public works (including major and local streets), public safety, and cemetery. Business-type activities include water and sewer system operations. Fiduciary activities such as site plan review deposits are not included in the government-wide statements since these assets are not available to fund Village programs.

The government-wide financial statements include not only the Village (primary government), but also a legally separate entity, the Downtown Development Authority, which is a discretely presented component unit of the Village. Financial information for the component unit is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 18 - 19 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's annual and near-term financing requirements.

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

The basic governmental fund financial statements can be found on pages 21 - 26 of this report.

Proprietary funds are used to account for operations for which the Village charges its customers for the services they are provided. Enterprise funds, the first type, are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village of Pinckney uses enterprise funds to account for its sewage disposal system and water operations. Internal Service funds are the second type of proprietary funds, and are used to account for services provided internally. The Village of Pinckney does not have any Internal Service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer and Water Funds, both of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 27 - 29.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 30 of this report.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements. They should be read thoroughly as part of any review of the Village's financial statements. The notes can be found on pages 32 - 56 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Major funds are reported in the basic financial statements as discussed. Combining statements and schedules for nonmajor funds can be found on pages 67 - 70 of this report. Fund financial statements of component unit (DDA) can be found on pages 73 - 74.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Village's net position at the end of the fiscal period was \$13,965,385. This is a \$277,229 increase over the net position of \$13,688,156 reported for the year ended June 30, 2016. A significant portion of the Village's net position, \$8,120,512 (58.1%), represents investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt that is still outstanding used to acquire those assets. These assets are used by the Village of Pinckney to provide public services to its citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Village's net position, \$1,254,353 (9.0%), represents resources that are subject to external restrictions on how they may be used both for the Village as a whole, as well as for its separate governmental and business-type activities. The remaining balance of unrestricted net position \$4,590,520 (32.9%) may be used to meet the Village's ongoing obligations to citizens and creditors.

The following tables provide a summary of the Village’s financial activities, fiscal year end net position and changes in net position for the fiscal year:

Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
ASSETS						
Current and other assets	\$ 2,370,665	\$ 1,955,211	\$ 3,942,301	\$ 3,856,643	\$ 6,312,966	\$ 5,811,854
Capital assets	2,642,464	2,599,092	6,398,993	6,547,393	9,041,457	9,146,485
Total assets	<u>5,013,129</u>	<u>4,554,303</u>	<u>10,341,294</u>	<u>10,404,036</u>	<u>15,354,423</u>	<u>14,958,339</u>
DEFERRED OUTFLOW OF RESOURCES	<u>165,835</u>	<u>175,873</u>	<u>41,382</u>	<u>67,858</u>	<u>207,217</u>	<u>243,731</u>
LIABILITIES						
Other liabilities	134,072	140,521	71,150	98,675	205,222	239,196
Long-term liabilities	1,001,313	855,857	389,720	394,936	1,391,033	1,250,793
Total liabilities	<u>1,135,385</u>	<u>996,378</u>	<u>460,870</u>	<u>493,611</u>	<u>1,596,255</u>	<u>1,489,989</u>
DEFERRED INFLOW OF RESOURCES				<u>23,925</u>		<u>23,925</u>
NET POSITION						
Invested in capital assets, net of related debt	2,033,529	2,080,992	6,086,983	6,180,383	8,120,512	8,261,375
Restricted	951,332	674,029	303,021	362,543	1,254,353	1,036,572
Unrestricted	1,058,718	978,777	3,531,802	3,411,432	4,590,520	4,390,209
Total net position	<u>\$ 4,043,579</u>	<u>\$ 3,733,798</u>	<u>\$ 9,921,806</u>	<u>\$ 9,954,358</u>	<u>\$ 13,965,385</u>	<u>\$ 13,688,156</u>

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
REVENUES:						
Program revenues:						
Charges for services	\$ 295,679	\$ 278,035	\$ 647,100	\$ 670,753	\$ 942,779	\$ 948,788
Operating grants and contributions	10,664	37,558	2,504		13,168	37,558
Capital grants and contributions			2,800	2,800	2,800	2,800
General revenues:						
Property taxes	829,677	779,016			829,677	779,016
State shared revenues	380,939	342,870			380,939	342,870
Interest income	8,467	4,436	22,934	22,105	31,401	26,541
Other	198,430	133,680	123,966	12,911	322,396	146,591
Gain (loss) from disposal of capital assets		(4,000)				(4,000)
Total revenues	<u>1,723,856</u>	<u>1,571,595</u>	<u>799,304</u>	<u>708,569</u>	<u>2,523,160</u>	<u>2,280,164</u>
EXPENSES						
General government	106,350	74,520			106,350	74,520
Public safety	467,741	528,708			467,741	528,708
Public works	807,819	813,310			807,819	813,310
Cemetery	19,513	19,842			19,513	19,842
Interest on long-term debt	12,652	13,561			12,652	13,561
Water system			321,253	344,896	321,253	344,896
Sewer system			510,603	492,838	510,603	492,838
Total expenses	<u>1,414,075</u>	<u>1,449,941</u>	<u>831,856</u>	<u>837,734</u>	<u>2,245,931</u>	<u>2,287,675</u>
Change in net position	309,781	121,654	(32,552)	(129,165)	277,229	(7,511)
Beginning net position	<u>3,733,798</u>	<u>3,612,144</u>	<u>9,954,358</u>	<u>10,083,523</u>	<u>13,688,156</u>	<u>13,695,667</u>
Ending net position	<u>\$ 4,043,579</u>	<u>\$ 3,733,798</u>	<u>\$ 9,921,806</u>	<u>\$ 9,954,358</u>	<u>\$ 13,965,385</u>	<u>\$ 13,688,156</u>

Governmental activities increased the Village's net position by \$309,781. The \$309,781 increase is primarily due to a delay in a road project, in addition to an increase in property taxes, state shared revenues, and other income, combined with discipline over spending. Business-type activities decreased the Village's net position by \$32,552.

Financial Analysis of the Village's Major Funds

The Village's General Fund had expenditures over revenues, before other financing sources (uses), totaling \$20,025 this year. This is primarily due to investment in new capital equipment.

The Village has three other major funds which are the General Highway Fund, Major Street Fund and Local Street Fund.

The General Highway Fund increased its fund balance by \$203,096 because there were no street projects during the year.

The Major Street Fund increased its fund balance by \$25,021. This is due to an increase in revenue, and no major projects during the year.

The Local Street Fund increased its fund balance by \$47,683. This is due to funds transferred in from the Major Street Fund to help pay for local road expenditures including preliminary work for a new road project. A planned reconstruction project did not start until the end of the fiscal year.

The Village's two major proprietary funds, Sewage Disposal System Fund and Village Water Fund, had an aggregated decrease in net position of \$32,552. The net position of the Sewer Fund increased by \$18,093 primarily due to other revenue from ET Rover Pipeline easement payments. The net position of the Water Fund decreased by \$50,645, due to no tap fee revenue during the year and depreciation expense. The unrestricted net position of the combined proprietary funds at the end of the year amounted to \$3,531,802, restricted assets amounted to \$303,021, and capital assets net of related debt amounted to \$6,086,983.

General Fund Budgetary Highlights

The General Fund budget was adopted prior to the fiscal year in accordance with Public Act 493 of 2000. Total actual expenditures did not exceed budgeted appropriations for all major and nonmajor funds during the year. The budget was amended during the year to account for various differences between budget and actual.

Capital Asset and Debt Administration

Capital Assets The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounted to \$9,041,457 (net of accumulated depreciation). This investment in capital assets includes land, roads, buildings and improvements, machinery and equipment, and sewer and water infrastructure. Major capital asset events during the current fiscal year included the following:

- Start of Portage Street reconstruction project
- Design of pump station and force main replacements and screening building in the Sewer Fund
- Purchase of new dump truck
- Purchase of new DPW pickup truck
- Purchase of new office phone system

The following table summarizes the capital assets for the Village as of year-end:

Capital Assets as of June 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Land	\$ 48,285	\$ 49,682	\$ 97,967
Construction in progress	38,441	216,959	255,400
Buildings & improvements	350,416	291,570	641,986
Machinery & equipment	672,392	567,724	1,240,116
Road infrastructure	2,981,610		2,981,610
Sewer infrastructure		6,921,273	6,921,273
Water infrastructure		4,588,753	4,588,753
Vehicles		81,159	81,159
Subtotal	4,091,144	12,717,120	16,808,264
Accumulated depreciation	<u>(1,448,680)</u>	<u>(6,318,127)</u>	<u>(7,766,807)</u>
Net capital assets	<u>\$ 2,642,464</u>	<u>\$ 6,398,993</u>	<u>\$ 9,041,457</u>

Additional information on the Village's capital assets can be found in the Notes to Financial Statements section of this report.

Long-term Debt At the end of the current fiscal year, the Village had total bonded debt and lease payables of \$920,945. The Village's total debt (excluding other post-employment benefits and compensated absences) increased by \$35,835. The governmental funds incurred an additional installment agreement obligation of \$154,000 related to the purchase of a dump truck, and repaid \$63,165 on existing debt. Business-type activities issued no new debt and repaid \$55,000 on existing debt.

Additional information on the Village's long-term debt can be found in the Notes to Financial Statements section of this report.

Economic Conditions and Future Activities

The following factors were considered in preparing the Village's budget for the 2017-18 fiscal year:

- The labor agreement with the Michigan Association of Police contains annual contractual rate increases that the Village must pay. The current contract runs from January 1, 2016 through June 30, 2019.
- A new sewer and water rate study done in 2017 highlighted the need for rate increases in both funds due to the rising operating costs and the need for additional savings for future capital improvements. Effective July 2017 sewer rates were increased 2% and water rates were increased 2%.
- The Village is making a concerted effort to set aside funds for future capital improvements for its aging buildings, infrastructure and equipment. During the 2017-18 fiscal year the purchase of a new four door utility truck, additional fencing around the DPW lot, and a new roof for Village Hall are budgeted.
- The Village is anticipating property tax revenue for its General Fund to show a modest increase for the next fiscal year. Real property values have begun to rise, but another Headlee rollback in 2017 has reduced the millage rate from 8.4201 mils to 8.3897 mils. The General Highway millage will remain at 4.0000 mils. The total millage rate is 12.3897 mils for 2017-18.
- A local road project to reconstruct Portage Street began in late June 2017 and is expected to be completed by Fall 2017. The project will cost approximately \$454,000. The Village is anticipating a slight increase in Act 51 road funding. The maximum allowable transfer from Major Streets to Local Streets combined with funds transferred from the General Highway Fund will pay for this project.
- The Village is in the planning stages of a waste water improvement project. The project includes the construction of a screening building to remove excessive inorganic material flowing into the aeration ponds which is causing excessive maintenance problems. Another aspect of the project is to replace the antiquated cast iron force main and upgrade the pump stations involved. Debt financing will be used to pay for this project.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Village of Pinckney at 220 S. Howell Street, Pinckney, Michigan, 48169.

BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 2,181,991	\$ 3,379,149	\$ 5,561,140	\$ 41,456
Receivables:				
Accounts	88,934	228,686	317,620	
Other governments	69,078		69,078	
Taxes	130		130	
Prepaid expenses	30,532	6,445	36,977	
Inventory		25,000	25,000	
Restricted:				
Cash and cash equivalents		239,834	239,834	
Special assessments receivable		63,187	63,187	
Capital assets:				
Non-depreciable	86,726	266,641	353,367	96,665
Depreciable, net	2,555,738	6,132,352	8,688,090	429,823
Total assets	<u>5,013,129</u>	<u>10,341,294</u>	<u>15,354,423</u>	<u>567,944</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred charge on pension liability	165,835	41,382	207,217	1,531
LIABILITIES				
Accounts payable and accrued expenses	67,533	56,150	123,683	6,926
Long-term obligations:				
Compensated absences	13,816		13,816	
Current portion of long term debt	66,539	15,000	81,539	30,000
Net other post employment benefits obligation	73,576		73,576	
Net pension liability	371,525	92,710	464,235	3,431
Other due in more than one year	542,396	297,010	839,406	80,000
Total liabilities	<u>1,135,385</u>	<u>460,870</u>	<u>1,596,255</u>	<u>120,357</u>
NET POSITION				
Net investment in capital assets	2,033,529	6,086,983	8,120,512	416,488
Restricted	951,332	303,021	1,254,353	
Unrestricted	1,058,718	3,531,802	4,590,520	32,630
Total net position	<u>\$ 4,043,579</u>	<u>\$ 9,921,806</u>	<u>\$ 13,965,385</u>	<u>\$ 449,118</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Programs Revenues			Net (Expenses) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
PRIMARY GOVERNMENT								
Governmental Activities								
General government	\$ (106,350)	\$ 41,382	\$ 6,116	\$	\$ (58,852)	\$	\$ (58,852)	\$
Public works	(807,819)	237,447			(570,372)		(570,372)	
Public safety	(467,741)	1,700	4,548		(461,493)		(461,493)	
Cemetery	(19,513)	15,150			(4,363)		(4,363)	
Interest on long-term debt	(12,652)				(12,652)		(12,652)	
Total governmental activities	(1,414,075)	295,679	10,664		(1,107,732)		(1,107,732)	
Business-type Activities								
Water system	(321,253)	251,972	2,504	2,800		(63,977)	(63,977)	
Sewer system	(510,603)	395,128				(115,475)	(115,475)	
Total business-type activities	(831,856)	647,100	2,504	2,800		(179,452)	(179,452)	
Total primary government	\$ (2,245,931)	\$ 942,779	\$ 13,168	\$ 2,800	(1,107,732)	(179,452)	(1,287,184)	
COMPONENT UNIT								
Downtown Development Authority	\$ (98,710)	\$ 4,359	\$	\$				(94,351)
General revenues:								
Property taxes					829,677		829,677	128,469
State shared revenues					380,939		380,939	
Interest income					8,467	22,934	31,401	155
Rental income					135,554		135,554	
Other income					62,876	123,966	186,842	3,951
Total general revenues					1,417,513	146,900	1,564,413	132,575
Changes in net position					309,781	(32,552)	277,229	38,224
Net position, July 1, 2016					3,733,798	9,954,358	13,688,156	410,894
Net position, June 30, 2017					\$ 4,043,579	\$ 9,921,806	\$ 13,965,385	\$ 449,118

The notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
ASSETS						
Cash and investments	\$ 1,007,490	\$ 411,312	\$ 190,373	\$ 420,252	\$ 152,564	\$ 2,181,991
Receivables						
Services	59,741					59,741
Taxes	104			26		130
Intergovernmental	33,153	25,176	10,749			69,078
Due from other funds	29,193					29,193
Prepaid expenditures	28,493	669	953		417	30,532
Total assets	<u>\$ 1,158,174</u>	<u>\$ 437,157</u>	<u>\$ 202,075</u>	<u>\$ 420,278</u>	<u>\$ 152,981</u>	<u>\$ 2,370,665</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 46,947	\$ 5,602	\$ 6,161	\$ 8,016	\$ 450	\$ 67,176
Due to other funds	357					357
Total liabilities	<u>47,304</u>	<u>5,602</u>	<u>6,161</u>	<u>8,016</u>	<u>450</u>	<u>67,533</u>
FUND BALANCES						
Nonspendable						
Prepaid items	28,943	669	953		417	30,982
Corpus of permanent fund					28,774	28,774
Restricted						
Public safety					5,183	5,183
Public works		430,886	103,001	412,262		946,149
Committed						
Capital improvement	192,687					192,687
Cemetery					109,833	109,833
Assigned						
Future budget deficit	41,540		91,960		7,530	141,030
Public safety					794	794
Unassigned	847,700					847,700
Total fund balances	<u>1,110,870</u>	<u>431,555</u>	<u>195,914</u>	<u>412,262</u>	<u>152,531</u>	<u>2,303,132</u>
Total liabilities and fund balances	<u>\$ 1,158,174</u>	<u>\$ 437,157</u>	<u>\$ 202,075</u>	<u>\$ 420,278</u>	<u>\$ 152,981</u>	<u>\$ 2,370,665</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET TO THE GOVERNMENTAL ACTIVITIES
STATEMENT OF NET POSITION
JUNE 30, 2017

Total governmental fund balances		\$ 2,303,132
Amounts reported for governmental activities in the statement of net position because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The amount is net of accumulated depreciation of \$1,448,680.		2,642,464
Long-term liabilities, including bonds payable, compensated absences and other post employment benefit obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable	\$ (440,000)	
Capital lease obligations	(168,935)	
Other post-employment benefits	(73,576)	
Compensated absences	(13,816)	
Net pension liability	(371,525)	
Deferred charge on pension liability	<u>165,835</u>	
		<u>(902,017)</u>
Net position of governmental activities		<u>\$ 4,043,579</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

RECONCILIATION OF TOTAL DOWNTOWN DEVELOPMENT AUTHORITY
 COMPONENT UNIT FUND BALANCES TO NET POSITION
 OF DOWNTOWN DEVELOPMENT AUTHORITY ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

Total component unit fund balances		\$ 34,530
<p>Amounts reported for governmental activities in the statement of net position because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The amount is net of accumulated depreciation of \$24,046.</p>		
		526,488
<p>Long-term liabilities, including bonds payable, compensated absences and other post employment benefit obligations, are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Bonds payable	\$ (110,000)	
Net pension liability	1,531	
Deferred charge on pension liability	<u>(3,431)</u>	
		<u>(111,900)</u>
Net position of governmental activities		<u><u>\$ 449,118</u></u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>General Highway Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
REVENUES						
Taxes	\$ 566,222	\$	\$	\$ 263,455	\$	\$ 829,677
Intergovernmental	195,221	130,151	55,567			380,939
Charges for services	158,734				16,850	175,584
Charges to other governments and funds	78,713					78,713
Grants	6,116				934	7,050
Rents	135,554					135,554
Licenses, fines and permits	19,184			3,000		22,184
Franchise and liquor control fees	19,198					19,198
Interest	3,775	1,369	732	2,142	449	8,467
Contributions					3,614	3,614
Other	52,651	427	1,527		411	55,016
Right of way fees				7,860		7,860
Total revenues	<u>1,235,368</u>	<u>131,947</u>	<u>57,826</u>	<u>276,457</u>	<u>22,258</u>	<u>1,723,856</u>
EXPENDITURES						
Current:						
General government	250,986					250,986
Public works	329,862	41,851	62,273	31,799		465,785
Public safety	413,316				7,233	420,549
Cemetery					18,318	18,318
Capital outlay:						
General government	16,448					16,448
Public works	210,526		12,945			223,471
Debt service:						
Principal	33,165			30,000		63,165
Interest and fiscal charges	1,090			11,562		12,652
Total expenditures	<u>1,255,393</u>	<u>41,851</u>	<u>75,218</u>	<u>73,361</u>	<u>25,551</u>	<u>1,471,374</u>
Excess of revenues over (under) expenditures	(20,025)	90,096	(17,392)	203,096	(3,293)	252,482
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases	154,000					154,000
Transfers in			65,075			65,075
Transfers (out)		(65,075)				(65,075)
Total other financing sources (uses)	<u>154,000</u>	<u>(65,075)</u>	<u>65,075</u>			<u>154,000</u>
Net changes in fund balances	133,975	25,021	47,683	203,096	(3,293)	406,482
FUND BALANCE, JULY 1, 2016	<u>976,895</u>	<u>406,534</u>	<u>148,231</u>	<u>209,166</u>	<u>155,824</u>	<u>1,896,650</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 1,110,870</u>	<u>\$ 431,555</u>	<u>\$ 195,914</u>	<u>\$ 412,262</u>	<u>\$ 152,531</u>	<u>\$ 2,303,132</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - governmental funds \$ 406,482

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

Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense in the current period:

Capital outlay	\$ 239,919	
Depreciation expense	<u>(196,547)</u>	43,372

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of position. 63,165

Proceeds from debt issuance and other borrowings is presented as other financing source in the governmental funds, but the amounts received increase long-term liabilities in the statement of position. (154,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Compensated absences	4,981	
Net other post employment benefit cost, net of contributions and benefits	(4,628)	
Net pension liability	<u>(49,591)</u>	<u>(49,238)</u>

Change in net position of governmental activities \$ 309,781

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - governmental funds	\$ 32,659
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense in the current period:	
Depreciation expense	(24,046)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of position.	30,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	
Net pension liability	<u>(389)</u>
Change in net position of component unit activities	<u><u>\$ 38,224</u></u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Sewage Disposal System Fund	Village Water Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,658,492	\$ 1,720,657	\$ 3,379,149
Accounts receivable	142,262	86,115	228,377
Due from other funds	292	17	309
Prepaid expenses	3,824	2,621	6,445
Inventory		25,000	25,000
Total current assets	1,804,870	1,834,410	3,639,280
NONCURRENT ASSETS			
Restricted cash and cash equivalents	17,870	221,964	239,834
Restricted special assessment receivable	63,187		63,187
Capital assets not being depreciated	259,743	6,898	266,641
Capital assets being depreciated	3,674,361	2,457,991	6,132,352
Total noncurrent assets	4,015,161	2,686,853	6,702,014
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on pension liability	25,617	15,765	41,382
Total assets and deferred outflow	5,845,648	4,537,028	10,382,676
CURRENT LIABILITIES			
Accounts payable	19,084	29,528	48,612
Accrued expenses	4,728	2,810	7,538
Bonds payable - current portion	15,000		15,000
Total current liabilities	38,812	32,338	71,150
LONG-TERM OBLIGATIONS			
Bonds payable	297,010		297,010
Net pension liability	57,391	35,319	92,710
Total long-term obligations	354,401	35,319	389,720
Total liabilities	393,213	67,657	460,870
NET POSITION			
Invested in capital assets, net of related debt	3,622,094	2,464,889	6,086,983
Restricted	81,057	221,964	303,021
Unrestricted	1,749,284	1,782,518	3,531,802
Total net position	\$ 5,452,435	\$ 4,469,371	\$ 9,921,806

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Sewage Disposal System Fund	Village Water Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 395,128	\$ 251,972	\$ 647,100
OPERATING EXPENSES	<u>503,981</u>	<u>321,135</u>	<u>825,116</u>
Operating income (loss)	<u>(108,853)</u>	<u>(69,163)</u>	<u>(178,016)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	13,642	9,292	22,934
Interest (expense)	(6,622)	(118)	(6,740)
Other income	119,926	4,040	123,966
State grant	<u>2,504</u>	<u>2,504</u>	<u>2,504</u>
Total non-operating revenues	<u>126,946</u>	<u>15,718</u>	<u>142,664</u>
INCOME BEFORE CONTRIBUTIONS	18,093	(53,445)	(35,352)
CAPITAL CONTRIBUTIONS, TAP IN & GRANTS	<u> </u>	<u>2,800</u>	<u>2,800</u>
Change in net position	18,093	(50,645)	(32,552)
NET POSITION JULY 1, 2016	<u>5,434,342</u>	<u>4,520,016</u>	<u>9,954,358</u>
NET POSITION JUNE 30, 2017	<u>\$ 5,452,435</u>	<u>\$ 4,469,371</u>	<u>\$ 9,921,806</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Sewage Disposal System Fund	Village Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 425,277	\$ 258,991	\$ 684,268
Cash payments to employees for services	(90,202)	(54,959)	(145,161)
Cash payments to suppliers of goods and services	(224,849)	(117,182)	(342,031)
Net cash provided by operating activities	<u>110,226</u>	<u>86,850</u>	<u>197,076</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grants received for capital improvements		2,504	2,504
Capital contributions		2,800	2,800
Purchase of fixed assets	(172,177)	(6,897)	(179,074)
Special assessments collected	48,936	16,734	65,670
Principal and interest paid on capital debt	(50,888)	(11,352)	(62,240)
Other income	119,926	4,040	123,966
Net cash (used in) capital and related financing activities	<u>(54,203)</u>	<u>7,829</u>	<u>(46,374)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and cash equivalents	8,222	8,289	16,511
Net increase in cash and cash equivalents	64,245	102,968	167,213
CASH AND CASH EQUIVALENTS AT JULY 1, 2016			
	<u>1,612,117</u>	<u>1,839,653</u>	<u>3,451,770</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2017			
	<u>\$ 1,676,362</u>	<u>\$ 1,942,621</u>	<u>\$ 3,618,983</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (108,853)	\$ (69,163)	\$ (178,016)
Adjustments to reconcile operating income to net cash from (used in) operating activities			
Depreciation	177,143	150,333	327,476
Pension	9,690	2,645	12,335
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	30,149	7,019	37,168
(Increase) decrease in prepaid expenses	(41)	(57)	(98)
(Increase) decrease in inventory		(14,950)	(14,950)
(Increase) decrease in due from other funds	192	911	1,103
(Decrease) increase in accounts payable	9,353	12,339	21,692
(Decrease) increase in due to other funds	(3,618)		(3,618)
(Decrease) increase in accrued expense	(3,789)	(2,227)	(6,016)
Total adjustments	<u>219,079</u>	<u>156,013</u>	<u>375,092</u>
Net cash from operating activities	<u>\$ 110,226</u>	<u>\$ 86,850</u>	<u>\$ 197,076</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2017

	<u>Agency Funds</u>		<u>Agency Funds Total</u>
	<u>Current Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	
ASSETS			
Cash	\$	\$ 102,493	\$ 102,493
Due from other funds		663	663
Total assets	<u>\$</u>	<u>\$ 103,156</u>	<u>\$ 103,156</u>
LIABILITIES			
Due to others	\$	\$ 73,348	\$ 73,348
Due to other funds		29,808	29,808
Total liabilities	<u>\$</u>	<u>\$ 103,156</u>	<u>\$ 103,156</u>

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Village relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Village are described below.

FINANCIAL REPORTING ENTITY

The Village of Pinckney was incorporated in 1895 as a general law Village, under the provision of Public Act 3 of 1895. The Village operates under a council form of government. The Village provides a wide range of services to its residents, including public safety, public works, zoning, water provision, sewage disposal, and other general administrative services.

The following financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Component units fall in one of two categories; blended or discretely presented. The Village does not have any component units in the blended component unit category and has one component unit in the discretely presented category.

The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Village. This presentation is necessary to demonstrate that while legally separate, the Village remains financially accountable for this entity or the nature and significance of the relationship between the entities is such that exclusion would make the financial statements misleading.

The Downtown Development Authority (DDA) has been included as a discretely presented component unit in the accompanying financial statements. The governing body of the DDA is appointed by the Village Council and the Council has the ability to exercise oversight on DDA management. The DDA is legally separate from the Village but fiscally dependent on the Village to a limited extent. The financial activity of the DDA is included in these financial statements and a separate audited financial statement for the DDA is not prepared. The DDA has the same fiscal year as the primary government.

In accordance with the current accounting standards all funds, agencies, activities and component units of the Village of Pinckney have been included in these financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on all the non-fiduciary activities of the primary government and its component unit. The primary government is reported separately from its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The Government-wide Statement of Net Position reports all financial and capital resources of the Village (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources equals net position, with the assets, deferred outflows and liabilities and deferred inflows shown in order of their relative liquidity. Net positions are required to be displayed in three components: invested in capital assets, net of related debt; restricted; and unrestricted.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Village are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Fund Financial Statements

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds. Although current accounting standards established the minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Village reports the following major governmental funds:

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

The **Major Street Fund** accounts for all the activity associated with maintaining the Village's major streets. Revenues from this fund are generally derived by intergovernmental revenues and transfers of resources within the Village itself.

The **Local Street Fund** accounts for all the activity associated with maintaining the Village's local streets. Revenues from this fund are generally derived by intergovernmental revenues and transfers of resources within the Village itself.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The **General Highway Fund** accounts for road millage revenues, general road maintenance expenditures, and transfers to other funds to finance various road construction and maintenance activities.

The Village reports the following major proprietary funds:

The **Sewage Disposal System Fund** accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

The **Village Water Fund** accounts for all the activity associated with the operations and maintenance of operating a water distribution system.

The Village also reports an agency fund as a fiduciary fund to account for assets held by the Village in a trustee or agency capacity on behalf of others and, therefore, are not available to support Village programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Village available to support Village programs. The Village currently maintains agency funds to account for property tax collections and disbursement and for monies collected and paid on behalf of developer escrow accounts.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial reporting of transactions is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred without regard to timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar non-exchange revenues are recognized as revenue as soon as all eligibility requirements imposed by the resource provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, expenditures related to compensated absences, and claims and judgments are only recorded when they are due. General capital asset acquisitions are reported as expenditures in the governmental funds in a similar manner to any other expenditure. Financial resources received by the issuance of long-term debt or acquisitions under capital leases are reported as other financing sources.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: demonstrate legal and covenant compliance, demonstrate the sources and uses of liquid resources, and demonstrate how the Village's actual revenues and expenditures conform to the annual budget. Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are reported using the economic resources measurement focus and full accrual basis of accounting. On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

In situations when expenditures or expenses are incurred for which both restricted and unrestricted resources are available the Village would first apply restricted resources then unrestricted resources.

ASSETS, DEFERRED OUTFLOW, LIABILITIES, DEFERRED INFLOW, NET POSITION AND FUND BALANCE

Cash and Cash Equivalents

The Village has defined cash and cash equivalents as cash on hand, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. These amounts are classified on the statement of net position or fund balance sheet within cash and cash equivalents.

Receivables and Payables

In the government-wide financial statements and proprietary fund financial statements, receivables consist of all revenues earned at year-end and not received. Allowances for uncollectible accounts receivable, if any, are based upon historical trends and the periodic aging of accounts receivable. In the governmental fund financial statements receivables are recorded when they are both measureable and available. Payables consist of all expenses incurred at year-end and not yet paid.

Capital Assets

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Village) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered capital assets regardless of initial cost, but is not depreciated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

Inventories

Inventories are valued at cost, which approximates market, using the first-in, and first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

Prepaid Items

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

Deferred Outflow of Resources

In addition to assets, the statement of net position or fund balance sheets may sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position of fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense or expenditure) until then. The Village currently has one item that qualifies for reporting in this category.

Compensated Absences

It is the Village's personnel practice to grant personal and vacation time according to years of service. Vacation days must be used within twelve months of accrual. It is the Village's policy to pay employees upon leaving the employment of the Village for unused vacation time that has been earned through the last day of work. A liability for compensated absences is recorded when incurred in the government-wide and proprietary fund financial statements; however, a liability is only accrued in the governmental funds as payments come due, for example, as a result of employee resignations and retirements. As of June 30, 2017 the Village has accrued \$13,816 for future compensated absences.

Long-term Obligations

Balances due on long-term obligations are only recorded in the government-wide financial statements and proprietary fund financial statements. Long-term obligations consist of bonds payable, capital lease obligations, compensated absences, and other post employment benefit liabilities. Bond premiums and discounts, if any, are deferred and amortized over the life of the bond using the effective interest method. Bond issuance costs are charged to expense when incurred. In the fund financial statements bond premiums are recognized as other financing sources, bond discounts as other financing uses, the face amount of the debt as other financing sources and debt issuance costs as expenditures.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Inflow of Resources

In addition to liabilities, the statement of net position or fund balance sheets may sometimes report a separate section of deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources until that time. The Village currently has one item that qualifies for reporting in this category.

Pension

For purposes of measuring the Net Pension Liability, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity

In the fund financial statements, governmental funds report the following components of fund balance:

- *Nonspendable:* Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted:* Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- *Committed:* Amounts that have been formally set aside by the Village Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Village Council.
- *Assigned:* Intent to spend resources on specific purposes expressed by the Village Council; or Clerk, and Treasurer; who are authorized by policy approved by the Village Council to make assignments.
- *Unassigned:* Amounts that do not fall into any other aforementioned category. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When the Village incurs an expenditure for purposes for which more than one fund balance classification may be used, it is the policy of the Village to use restricted fund balance first, then committed fund balance, assigned fund balance and finally unassigned fund balance.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenues, Expenditures and Expenses

Property Taxes

Village taxes are levied each July 1 and are payable without penalty through September 14. Property tax revenues are recognized as revenue in the fiscal year levied to the extent that they are measurable and available. The delinquent real property taxes of the Village of Pinckney are purchased with recourse by Livingston County annually before the end of the fiscal year. Allowances for estimated charge backs as a result of the recourse arrangement are established when deemed necessary. The December 1, 2016 taxable valuation of the Village totaled \$73,882,550.

The Village levies the following millages:

General Village	8.4201
General Highway	<u>4.0000</u>
Total millage	<u>12.4201</u>

Charges for Services

Charges for services consist primarily of charges to residents for zoning review services, refuse disposal, property maintenance, water provisions and sewage disposal services.

Intergovernmental Revenues

Amounts received from State and Federal sources are generally recorded as intergovernmental revenues. The Village receives a share of state sales taxes and state transportation taxes which are recorded as intergovernmental revenues.

Rental Income

The Village receives payment from third party telecommunications companies in exchange for permitting cellular antennas to be located on Village property. Amounts received for this purpose are recorded as rental income as general revenues.

Management's Estimates

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

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, (Public Act 20 of 1943, as amended) authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Village's deposits are in accordance with statutory authority.

The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investments in all of the investments mentioned in the preceding paragraph.

As of June 30, 2017 deposits and investments consist of the following:

Deposits	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
Checking accounts	\$ 770,377	\$ 770,377	\$
Money market and savings account	1,023,353	1,023,353	
Non-negotiable certificates of deposit	<u>4,159,305</u>		<u>4,159,305</u>
Total deposits	<u>\$ 5,953,035</u>	<u>\$ 1,793,730</u>	<u>\$ 4,159,305</u>

Deposits and investments are presented in the financial statements in the following areas:

Statement of Net Position	
Cash and investments	\$ 5,842,430
Fiduciary Funds	
Cash	<u>102,493</u>
Total cash and investments	<u>\$ 5,944,923</u>

The carrying amount of cash is stated at \$5,944,923 as of June 30, 2017. The difference between the carrying amounts and amounts mentioned above stem from cash on hand of \$250 and outstanding checks.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued

Deposits – Custodial Credit Risk

The Village's cash and investments are limited to deposits with financial institutions. These deposits are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Village will not be able to recover its deposits.

The Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

As of June 30, 2017 deposits in banks totaled \$5,953,035 which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 5,950,719
Uninsured and uncollateralized	<u>2,316</u>
	<u>\$ 5,953,035</u>

The Village's investment policy does not address this risk.

Custodial Credit Risk - Deposits of Component Units

The Component Unit DDA does not have a deposit policy for custodial credit risk. At year end, none of the Component Unit DDA's bank deposits (checking, savings and money market accounts at financial institutions and certificates of deposits) were uninsured and uncollateralized. The Component Unit DDA evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables exist at June 30, 2017. These represent short-term borrowings and amounts owed for reimbursements between other funds.

The total interfund receivable and payable balance at June 30, 2017 were as follows:

<u>Fund Receiving Resources</u>	<u>Fund Providing Resources</u>	<u>Amount</u>
General Fund	Trust and Agency	\$ 29,193
Sewer Fund	Trust and Agency	598
Trust and Agency	General Fund	357
Water Fund	Trust and Agency	17
Trust and Agency	Sewer Fund	306
		<u>\$ 30,471</u>

Residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

NOTE 4 - INTERFUND TRANSFERS

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund. The Village also records all proceeds from the issuance of debt instruments as other financing sources in the fund financial statements. The total interfund transfer balances at June 30, 2017 were as follows:

<u>Fund Receiving Resources</u>	<u>Fund Providing Resources</u>	<u>Amount</u>
Local Street Fund	Major Street Fund	<u>\$ 65,075</u>

VILLAGE OF PINCKNEY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

PRIMARY GOVERNMENT

Governmental activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 38,040	\$ 10,245	\$	\$ 48,285
Construction in progress	25,496	12,945		38,441
Subtotal	<u>63,536</u>	<u>23,190</u>		<u>86,726</u>
Other capital assets:				
Buildings and improvements	350,416			350,416
Machinery and equipment	455,663	216,729		672,392
Road infrastructure	2,981,610			2,981,610
Subtotal	<u>3,787,689</u>	<u>216,729</u>		<u>4,004,418</u>
Less accumulated depreciation for:				
Buildings and improvements	(163,293)	(8,789)		(172,082)
Machinery and equipment	(254,640)	(38,677)		(293,317)
Road infrastructure	(834,200)	(149,081)		(983,281)
Subtotal	<u>(1,252,133)</u>	<u>(196,547)</u>		<u>(1,448,680)</u>
Other capital assets, net	<u>2,535,556</u>	<u>20,182</u>		<u>2,555,738</u>
Net capital assets	<u>\$ 2,599,092</u>	<u>\$ 43,372</u>	<u>\$</u>	<u>2,642,464</u>
Related long-term debt outstanding at June 30, 2017:				<u>(608,935)</u>
Governmental capital assets, net of related debt:				<u>\$ 2,033,529</u>

Depreciation expense was charged to the following governmental activities:

	Depreciation
General government	\$ 4,028
Cemetery	821
Public works	170,381
Public safety	20,817
Recreation and culture	500
Total depreciation expense	<u>\$ 196,547</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS - continued

PRIMARY GOVERNMENT - continued

Business-type activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 49,682	\$	\$	\$ 49,682
Construction in progress	37,883	179,076		216,959
Subtotal	87,565	179,076		266,641
Other capital assets:				
Buildings	291,570			291,570
Vehicles	81,159			81,159
Equipment	567,724			567,724
Sewer infrastructure	6,921,273			6,921,273
Water infrastructure	4,588,753			4,588,753
Subtotal	12,450,479			12,450,479
Less accumulated depreciation for:				
Buildings	(25,730)	(7,477)		(33,207)
Vehicles	(63,758)	(6,526)		(70,284)
Equipment	(231,189)	(36,390)		(267,579)
Sewer infrastructure	(3,113,477)	(157,905)		(3,271,382)
Water infrastructure	(2,556,497)	(119,178)		(2,675,675)
Subtotal	(5,990,651)	(327,476)		(6,318,127)
Other capital assets, net	6,459,828	(327,476)		6,132,352
Net capital assets	\$ 6,547,393	\$ (148,400)	\$	6,398,993
Related long-term debt outstanding at June 30, 2017				(312,010)
Business-type capital assets, net of related debt				\$ 6,086,983

Depreciation expense was charged to the following business-type activities:

	Depreciation
Sewer service	\$ 177,142
Water service	150,332
Total depreciation expense	\$ 327,474

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS - continued

COMPONENT UNIT

Downtown Development Authority	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 96,665	\$	\$	\$ 96,665
Other capital assets:				
Infrastructure	597,336			597,336
Less accumulated depreciation for:				
Infrastructure	(143,467)	(24,046)		(167,513)
Other capital assets, net	453,869	(24,046)		429,823
Net capital assets	<u>\$ 550,534</u>	<u>\$ (24,046)</u>	<u>\$</u>	<u>526,488</u>
Related long-term debt outstanding at June 30, 2017				<u>(110,000)</u>
Component unit capital assets, net of related debt				<u>\$ 416,488</u>

Depreciation expense was charged to the following component unit activity:

Recreation and culture	<u>\$ 24,046</u>
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VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term debt and other long-term obligations (including current portions) of the Village for the year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Primary Government					
Government Activities					
2010 General Obligation Bonds	\$ 470,000	\$	\$ 30,000	\$ 440,000	\$ 30,000
Installment agreement obligations	48,100	154,000	33,165	168,935	36,539
Other post employment benefits	68,948	4,628		73,576	
Compensated absences	18,797		4,981	13,816	
Total government activities	<u>605,845</u>	<u>158,628</u>	<u>68,146</u>	<u>696,327</u>	<u>66,539</u>
Business-type Activities					
2007 General Obligation Special Assessment Bonds	40,000		40,000		
2013 General Obligation Capital Improvement Bonds	327,010		15,000	312,010	15,000
Total business-type activities	<u>367,010</u>		<u>55,000</u>	<u>312,010</u>	<u>15,000</u>
Total Primary Government	<u>\$ 972,855</u>	<u>\$ 158,628</u>	<u>\$ 123,146</u>	<u>\$ 1,008,337</u>	<u>\$ 81,539</u>
Component Unit					
Downtown Development Authority					
2004 General Obligation Bonds	<u>\$ 140,000</u>	<u>\$</u>	<u>\$ 30,000</u>	<u>\$ 110,000</u>	<u>\$ 30,000</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - LONG-TERM OBLIGATIONS - continued

The Village's long-term obligations as of June 30, 2017, and transactions during the year then ended, are as follows:

PRIMARY GOVERNMENT

General Obligation Bonds

The following is a listing of general obligation bonds outstanding as of June 30, 2017:

Government Activities

General Obligation Capital Improvement Bonds, Series 2010; original issue \$681,000, interest at 2.50% maturing April 1, 2030, for construction and improvements to Mill Street. \$ 440,000

Business-type Activities

General Obligation Capital Improvement Bonds, Series 2013, original issue \$405,000, interest at 2.00% maturing October 1, 2033, for improvements to the sewer system. 312,010

Total general obligation bonds \$ 752,010

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - LONG-TERM OBLIGATIONS - continued

As of June 30, 2017 the remaining debt service maturities on the general obligation bonds and installment agreement obligations of the Village are as follows:

Fiscal Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 66,539	\$ 15,657	\$ 15,000	\$ 6,090
2019	67,493	13,950	15,000	5,790
2020	60,765	12,157	15,000	5,490
2021	61,626	10,546	15,000	5,190
2022	62,512	8,910	15,000	4,890
2023-2027	175,000	27,500	95,000	19,151
2028-2032	115,000	5,875	100,000	9,201
2033-2034			42,010	860
	<u>\$ 608,935</u>	<u>\$ 94,595</u>	<u>\$ 312,010</u>	<u>\$ 56,662</u>

Obligations under Capital Lease and Installment Purchase Agreements

The Village has entered into lease agreements to finance the acquisition of a police vehicle, and dump truck. The lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017 are as follows:

Total remaining minimum lease payments for vehicle and equipment	<u>\$ 168,935</u>
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Other Post Employment Benefits

Certain employees are provided health insurance coverage in retirement. As of June 30, 2017 the net other post employment obligation was \$73,576. See footnote 8 for additional details and disclosure on the benefit, funding progress and related liabilities.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - LONG-TERM OBLIGATIONS - continued

Compensated Absences

Employees have rights upon termination of employment to receive payments for unused vacation time. The total dollar amounts of these rights amounted to \$13,816 and have been recorded in the government-wide financial statements at June 30, 2017.

COMPONENT UNIT

General Obligation Bonds

General Obligation Special Assessment Bonds, Series 2004; original issue \$370,000, interest at 3.00 to 5.00% maturing October 1, 2019, for construction and improvements to the downtown streetscape.

\$ 110,000

As of June 30, 2017 the remaining debt service maturities on the long-term obligation bonds of the component unit are as follows:

Fiscal Year Ended	Component Unit	
	Principal	Interest
2018	\$ 35,000	\$ 4,001
2019	35,000	2,513
2020	<u>40,000</u>	<u>880</u>
	<u>\$ 110,000</u>	<u>\$ 7,394</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7- DEFINED BENEFIT PLAN

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com and is available to the public.

Benefits Provided

The defined benefit plan is comprised of two divisions. Division 01 is an open division for the general employees, Division 02 is a closed division for the eligible police and fire employee.

Benefits are to be paid as 2.50% of the final average compensation for each year of service for Division 01, with an 80% maximum and 2% of the final average compensation for each year of service for Division 02, with no maximum. Final average compensation is calculated based on the employee's final 5 years' wages for both divisions.

The plan has a vesting period of 10 years, with normal retirement at age 60 for both divisions. Early retirement is available with normal benefits at age 55 with 25 years of service, or with reduced benefits at age 50 with 25 years of service or age 55 with 15 years of service for both divisions.

Employees covered by benefit terms

At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

	<u>Division 01</u>	<u>Division 02</u>
Inactive employees or beneficiaries currently receiving benefits	3	1
Inactive employees entitled to but not yet receiving benefits	5	1
Active employees	13	0
	<u>21</u>	<u>2</u>

Contributions

The Village is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability or asset.

Covered employees are required to contribute 4.00% of their annual covered salaries and wages. The Village is required to contribute an actuarially determined rate of eligible payroll for Division 01 and a fixed dollar amount for Division 02. For the year ended June 30, 2017 the rate was 11.24% and the fixed amount was \$1,318 per month for the period July 1, 2016 through February 29, 2017, and a rate of 12.35% and fixed amount of \$1,717 per month is effective for the period March 1, 2017 through June 30, 2017.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - DEFINED BENEFIT PLAN - continued

Net Pension Liability

The Total Pension Liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2016.

Actuarial assumptions

The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.

Salary Increases: 3.75% in the long term.

Investment rate of return: 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with price inflation of 2.5%.

Mortality rates used were based on the 2014 Healthy Annuitant Annuity Mortality Table, Employee Mortality Table and Juvenile Mortality Table with a 50% Male and 50% Female blend.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study from 2009 to 2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - DEFINED BENEFIT PLAN - continued

Discount Rate

The discount rate used to measure the total pension liability is 8.00% for 2016. The projection of cash flow used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2015	\$ 2,579,502	\$ 2,161,390	\$ 418,112
Changes for the year			
Service cost	76,845		76,845
Interest on total pension liability	205,333		205,333
Changes in benefits			
Difference between expected and actual experience	114,412		114,412
Changes in assumptions			
Employer contributions		79,836	(79,836)
Employee contributions		23,380	(23,380)
Net investment income		248,725	(248,725)
Benefit payments, including employee refunds	(102,527)	(102,527)	
Administrative expense		(4,905)	4,905
Other changes			
Net changes	<u>294,063</u>	<u>244,509</u>	<u>49,554</u>
Balances as of 12/31/2016	<u>\$ 2,873,565</u>	<u>\$ 2,405,899</u>	<u>\$ 467,666</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - DEFINED BENEFIT PLAN - continued

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate.

	1% Decrease	Current Discount	1% Increase
	7.00%	Rate	9.00%
	7.00%	8.00%	9.00%
Net Pension Liability at 12/31/2016	\$ 467,666	\$ 467,666	\$ 467,666
Change in Net Pension Liability (NPL) from change in discount rate	369,151		(310,527)
Calculated NPL	<u>\$ 836,817</u>	<u>\$ 467,666</u>	<u>\$ 157,139</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflow/Inflow of Resources Related to Pension

For the year ended June 30, 2017, the Village recognized pension expense of \$146,687. The Village reported deferred outflow and inflow of resources related to pensions from the following sources:

	Deferred
	Outflow (Inflow)
	of Resources
Differences in experience	\$ 1,060
Differences in assumptions	81,527
Excess (Deficit) of Investment Returns	84,413
Total to be amortized as pension expense	167,000
Contributions subsequent to the measurement date	41,748
Total deferred outflows (inflows)	<u>\$ 208,748</u>

The amount reported as deferred outflow of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2018.

Amounts reported as deferred outflow and inflow of resources related to other pension activities will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Expense</u>
2018	\$ 55,726
2019	55,727
2020	47,858
2021	7,689
Total	<u>\$ 167,000</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 8 - POST EMPLOYMENT BENEFITS

Plan Description

The Village participates in an agent multiple employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance coverage to certain retirees of the Village. Eligible retirees are those that have provided the Village twenty-five or more years of service and have reached the age of fifty-five. Benefit provisions are established through policies adopted by the Village Council through resolution. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

Contributions to the plan are not mandated and therefore the Village may fund these benefits on a pay-as-you-go basis. However, the Village participates in the Retiree Healthcare Funding Vehicle (RHFV) at the Municipal Employees' Retirement System of Michigan (MERS). The RHFV is an agent multiple employer defined benefit OPEB plan that is administered by MERS. The Village has made contributions to advance-fund these benefits as resources are available as determined by the Village Council. During the fiscal year ended June 30, 2017 the Village made contributions of \$10,000 to the RHFV. The retiree is responsible to pay for one half of the premium cost and those payments are to be made to the Village each month.

Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC). The Village has elected to calculate the ARC and related information using the alternative measurement method permitted under current accounting standards for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation to the Retiree Health Plan:

Annual required contribution (ARC)	\$	14,977
Interest on net OPEB obligation		4,137
Adjustment to annual required contribuiton		<u>(4,486)</u>
Annual OPEB cost (expense)		14,628
Contribution made		<u>(10,000)</u>
Increase in net OPEB obligation		4,628
Net OPEB obligation, July 1, 2016		<u>68,948</u>
Net OPEB obligation, June 30, 2017	\$	<u><u>73,576</u></u>

VILLAGE OF PINCKNEY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2017 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 24,131	\$ 10,000	41.4%	\$ 55,055
6/30/2016	23,893	10,000	41.9%	68,948
6/30/2017	14,628	10,000	68.4%	73,576

Funded Status and Funding Progress

As of June 30, 2017, the actuarial accrued liability for benefits was \$168,045, of which \$95,497 was funded. The covered payroll (annual payroll of active employees covered by the plan) was \$272,663, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 26.6%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

The following simplifying assumptions were made:

- Retirement age:** Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60.
- Mortality:** Life expectancies, where relevant for full time employees that commenced employment before January 1, 2009, were based on mortality tables from the National Center for Health Statistics. The 2002 United States Life Table for Males and for Females was used.
- Turnover:** Non-group-specific aged-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
- Healthcare cost trend rate:** The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services for the years of 2011 - 2021. A rate of 4.7% initially, increasing to an ultimate rate of 6.2% after six years, was used.
- Health insurance premiums:** 2017 health insurance premiums for active employees were used as the basis for calculation of the present value of total benefits paid.
- Payroll growth rate:** The expected long-term payroll growth rate was assumed to be 3.0% which is consistent with recent experience.
- Discount rate:** Based on the historical and expected returns of the Village's returns on retiree health funding vehicle investments and deposits, a discount rate of 6.0% was used.

In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2017 was twenty-four years.

NOTE 9 - RISK MANAGEMENT, CLAIMS, JUDGMENTS AND CONTINGENCIES

Risk Management

The Village is exposed to various risks of loss pertaining 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 these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Claims, Judgments and Contingencies

Village management is not aware of any claims, judgments or contingencies that require disclosure.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Village Water Fund and Sewage Disposal System Fund as of June 30, 2017 consisted of the following:

	Village Water Fund	Sewage Disposal System Fund	Total Restricted Assets
Cash and cash equivalents	\$ 221,964	\$ 17,870	\$ 239,834
Special assessment receivables		63,187	63,187
Total	\$ 221,964	\$ 81,057	\$ 303,021

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PINCKNEY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$	\$	\$ 566,222	\$
Intergovernmental			195,221	
Charges for services			158,734	
Charges to other governments and funds			78,713	
Grants			6,116	
Rents			135,554	
Licenses, fines and permits			19,184	
Franchise and liquor control fees			19,198	
Interest			3,775	
Other			52,651	
Total revenues	1,084,450	1,158,300	1,235,368	77,068
EXPENDITURES				
Village council	16,315	16,315	12,904	3,411
President	5,390	5,390	5,314	76
Clerk	96,910	102,610	98,959	3,651
Auditors	4,000	4,000	4,000	
Secretary	24,860	25,610	24,416	1,194
Treasurer	3,575	3,575	3,048	527
Elections	1,500	1,510	1,509	1
Buildings and grounds	19,030	37,030	33,983	3,047
Legal	12,000	13,000	12,799	201
Office overhead	46,740	46,740	39,354	7,386
Police	418,809	433,809	421,092	12,717
Public works	397,260	428,970	393,693	35,277
Street lights	35,000	35,000	33,690	1,310
Zoning administrator	20,125	20,125	16,512	3,613
Economic development	3,350	3,350	2,500	850
Refuse, leaf, brush	144,140	144,140	139,486	4,654
Planning commission	11,655	11,655	8,785	2,870
Parks and recreation	4,000	4,000	3,349	651
Total expenditures	1,264,659	1,336,829	1,255,393	81,436
Excess of revenues over (under) expenditures	(180,209)	(178,529)	(20,025)	158,504
OTHER FINANCING SOURCES				
Proceeds from capital lease	154,000	154,000	154,000	
Net change in fund balance	(26,209)	(24,529)	133,975	158,504
FUND BALANCE, JULY 1, 2016	976,895	976,895	976,895	
FUND BALANCE, JUNE 30, 2017	\$ 950,686	\$ 952,366	\$ 1,110,870	\$ 158,504

VILLAGE OF PINCKNEY

MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 130,151	\$
Interest			1,369	
Other			427	
Total revenues	<u>130,500</u>	<u>130,500</u>	<u>131,947</u>	<u>1,447</u>
EXPENDITURES				
Labor			12,314	
Contracted services			10,334	
Repairs and maintenance			10,387	
Charges from other funds			5,031	
Other			3,785	
Total expenditures	<u>63,040</u>	<u>63,040</u>	<u>41,851</u>	<u>21,189</u>
Excess of revenues over (under) expenditures	67,460	67,460	90,096	22,636
OTHER FINANCING (USES)				
Transfers (out)	<u>(64,500)</u>	<u>(64,500)</u>	<u>(65,075)</u>	<u>(575)</u>
Net change in fund balance	2,960	2,960	25,021	22,061
FUND BALANCE, JULY 1, 2016	<u>406,534</u>	<u>406,534</u>	<u>406,534</u>	
FUND BALANCE, JUNE 30, 2017	<u>\$ 409,494</u>	<u>\$ 409,494</u>	<u>\$ 431,555</u>	<u>\$ 22,061</u>

VILLAGE OF PINCKNEY

LOCAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 55,567	\$
Other			1,527	
Interest			732	
Total revenues	<u>55,400</u>	<u>55,400</u>	<u>57,826</u>	<u>2,426</u>
EXPENDITURES				
Labor			23,963	
Contracted services			13,640	
Capital outlay			12,945	
Repairs and maintenance			10,534	
Charges from other funds			9,712	
Other			4,424	
Total expenditures	<u>375,380</u>	<u>375,380</u>	<u>75,218</u>	<u>300,162</u>
Excess of revenues over (under) expenditures	(319,980)	(319,980)	(17,392)	302,588
OTHER FINANCING SOURCES				
Transfers in	<u>227,500</u>	<u>227,500</u>	<u>65,075</u>	<u>(162,425)</u>
Net change in fund balance	(92,480)	(92,480)	47,683	140,163
FUND BALANCE, JULY 1, 2016	<u>148,231</u>	<u>148,231</u>	<u>148,231</u>	
FUND BALANCE, JUNE 30, 2017	<u>\$ 55,751</u>	<u>\$ 55,751</u>	<u>\$ 195,914</u>	<u>\$ 140,163</u>

VILLAGE OF PINCKNEY

GENERAL HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$	\$	\$ 263,455	\$
Permits			3,000	
Interest			2,142	
Right of way fees			7,860	
Total revenues	<u>303,500</u>	<u>303,500</u>	<u>276,457</u>	<u>(27,043)</u>
EXPENDITURES				
Debt service - principal			30,000	
Debt service - interest			11,563	
Utilities and lighting			31,787	
Other			11	
Total expenditures	<u>114,350</u>	<u>114,350</u>	<u>73,361</u>	<u>40,989</u>
Excess of revenues over (under) expenditures	189,150	189,150	203,096	13,946
OTHER FINANCING SOURCES				
Transfer (out)	<u>(163,000)</u>	<u>(163,000)</u>		<u>163,000</u>
Net change in fund balance	26,150	26,150	203,096	176,946
FUND BALANCE, JULY 1, 2016	<u>209,166</u>	<u>209,166</u>	<u>209,166</u>	
FUND BALANCE, JUNE 30, 2017	<u>\$ 235,316</u>	<u>\$ 235,316</u>	<u>\$ 412,262</u>	<u>\$ 176,946</u>

VILLAGE OF PINCKNEY

SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017

	FOR THE PLAN YEAR ENDED		
	December 31, 2014	December 31, 2015	December 31, 2016
Actuarial Determined Contributions	\$ 59,600	\$ 68,440	\$ 79,836
Contributions in relation to the actuarially determined contribution	59,600	68,440	79,836
Contribution deficiency (excess)	\$	\$	\$
Covered Employee Payroll	\$ 538,126	\$ 549,265	\$ 541,924
Contributions as a percentage of covered employee payroll	11.08%	12.46%	14.73%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male 2014 Group Annuity Mortality Table

Previous actuarial methods and assumptions:

A ten year smoothed asset valuation method was used for the time period through 2014.

VILLAGE OF PINCKNEY

SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED) - continued
FOR THE YEAR ENDED JUNE 30, 2017

	Schedule of Changes in the Employer's Net Position Liability and Related Ratios for the Plan Year Ended		
	December 31, 2014	December 31, 2015	December 31, 2016
TOTAL PENSION LIABILITY			
Service cost	\$ 73,777	\$ 75,304	\$ 76,845
Interest	184,764	198,745	205,333
Changes of benefit terms			
Difference between expected and actual experience		(150,782)	114,412
Changes of assumptions		135,877	
Benefit payments including employee refunds	(77,666)	(102,024)	(102,527)
Other			
Net change in total pension liability	<u>180,875</u>	<u>157,120</u>	<u>294,063</u>
TOTAL PENSION LIABILITY BEGINNING	<u>2,241,507</u>	<u>2,422,382</u>	<u>2,579,502</u>
TOTAL PENSION LIABILITY ENDING	<u>\$ 2,422,382</u>	<u>\$ 2,579,502</u>	<u>\$ 2,873,565</u>
PLAN FIDUCIARY NET POSITION			
Contributions-employer	\$ 59,600	\$ 68,440	\$ 79,836
Contributions-employee	21,260	21,844	23,380
Net Investment income	132,293	(33,959)	248,725
Benefit payments including employee refunds	(77,666)	(102,024)	(102,527)
Administrative expense	(4,873)	(4,900)	(4,905)
Net Change in Plan Fiduciary Net Position	<u>130,614</u>	<u>(50,599)</u>	<u>244,509</u>
PLAN FIDUCIARY NET POSITION BEGINNING	<u>2,081,375</u>	<u>2,211,989</u>	<u>2,161,390</u>
PLAN FIDUCIARY NET POSITION ENDING	<u>\$ 2,211,989</u>	<u>\$ 2,161,390</u>	<u>\$ 2,405,899</u>
EMPLOYER NET PENSION LIABILITY	<u>\$ 210,393</u>	<u>\$ 418,112</u>	<u>\$ 467,666</u>
Plan fiduciary net position as a percentage of the total pension liability	91.3%	83.8%	83.7%
Covered employee payroll	\$ 538,126	\$ 549,265	\$ 541,924
Employer's net pension liability as a percentage of covered employee payroll	39.1%	76.1%	86.3%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

VILLAGE OF PINCKNEY

SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/2015	\$ 106,550	\$ 316,327	\$ 209,777	33.7%	\$ 292,698	71.7%
6/30/2016	105,470	254,856	149,386	41.4%	328,967	45.4%
6/30/2017	95,497	168,045	72,548	56.8%	272,663	26.6%

SUPPLEMENTARY INFORMATION

**COMBINING FUND FINANCIAL STATEMENTS
OF NONMAJOR FUNDS**

VILLAGE OF PINCKNEY

COMBINING BALANCE SHEETS
 FUNDS INCLUDED IN GASB 54 CONSOLIDATION
 JUNE 30, 2017

	General Fund Pre GASB 54 Consolidation	Capital Improvement	Totals
ASSETS			
Cash and investments	\$ 814,803	\$ 192,687	\$ 1,007,490
Receivables			
Tax	104		104
State revenues	33,153		33,153
Services	59,741		59,741
Due from other funds	29,193		29,193
Prepaid expenditures	28,493		28,493
	<hr/>	<hr/>	<hr/>
Total assets	\$ 965,487	\$ 192,687	\$ 1,158,174
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Accounts payable and accrued expenses	\$ 46,947	\$	\$ 46,947
Due to other funds	357		357
	<hr/>	<hr/>	<hr/>
Total liabilities	47,304		47,304
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Nonspendable			
Prepaid items	28,943		28,943
Committed			
Capital improvement		192,687	192,687
Assigned for future budget deficit	41,540		41,540
Unassigned	847,700		847,700
	<hr/>	<hr/>	<hr/>
Total fund balances	918,183	192,687	1,110,870
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 965,487	\$ 192,687	\$ 1,158,174
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

VILLAGE OF PINCKNEY

COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Cemetery Fund</u>	<u>Police Training Fund</u>	<u>Police K-9 Fund</u>	<u>Drug Enforcement Fund</u>	<u>Police Salvage Vehicles Fund</u>	<u>Total</u>
Assets						
Cash and investments	\$ 144,144	\$ 1,177	\$ 4,557	\$ 1,892	\$ 794	\$ 152,564
Prepaid expenditures	417					417
Total assets	<u>\$ 144,561</u>	<u>\$ 1,177</u>	<u>\$ 4,557</u>	<u>\$ 1,892</u>	<u>\$ 794</u>	<u>\$ 152,981</u>
Liabilities						
Accounts payable and accrued expenses	\$ 27	\$ 423				\$ 450
Total liabilities	<u>27</u>	<u>423</u>				<u>450</u>
Fund Balances						
Nonspendable						
Prepaid items	417					417
Corpus of permanent fund	28,774					28,774
Restricted						
Public safety		754	2,537	1,892		5,183
Committed						
Cemetery	109,833					109,833
Assigned						
Future budget deficit	5,510		2,020			7,530
Public safety					794	794
Total fund balances	<u>144,534</u>	<u>754</u>	<u>4,557</u>	<u>1,892</u>	<u>794</u>	<u>152,531</u>
Total liabilities and fund balances	<u>\$ 144,561</u>	<u>\$ 1,177</u>	<u>\$ 4,557</u>	<u>\$ 1,892</u>	<u>\$ 794</u>	<u>\$ 152,981</u>

VILLAGE OF PINCKNEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FUNDS INCLUDED IN GASB 54 CONSOLIDATION
 FOR THE YEAR ENDED JUNE 30, 2017

	General Fund Pre GASB 54 Consolidation	Capital Improvement	Eliminations	Total
REVENUES				
Property taxes	\$ 566,222	\$	\$	\$ 566,222
State shared revenues	195,221			195,221
Charges for services	158,734			158,734
Rents	135,554			135,554
Interest	3,171	604		3,775
Other	52,651			52,651
Franchise and liquor control fees	19,198			19,198
Licenses, fines and permits	19,184			19,184
Grants	6,116			6,116
Charges to other governmental funds	78,713			78,713
Total revenues	<u>1,234,764</u>	<u>604</u>		<u>1,235,368</u>
EXPENDITURES	<u>1,255,393</u>			<u>1,255,393</u>
Excess of revenues over (under) expenditures	<u>(20,629)</u>	<u>604</u>		<u>(20,025)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	154,000			154,000
Transfers in	50,000	99,150	(149,150)	
Transfers (out)	(99,150)	(50,000)	149,150	
Total other financing sources (uses)	<u>104,850</u>	<u>49,150</u>		<u>154,000</u>
Net change in fund balances	84,221	49,754		133,975
FUND BALANCE, JULY 1, 2016	<u>833,962</u>	<u>142,933</u>		<u>976,895</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 918,183</u>	<u>\$ 192,687</u>	<u>\$</u>	<u>\$ 1,110,870</u>

VILLAGE OF PINCKNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Cemetery Fund	Police Training Fund	Police K-9 Fund	Drug Enforcement Fund	Police Salvage Vehicles Fund	Total
REVENUES						
Charges for services	\$ 15,150	\$	\$	\$	\$ 1,700	\$ 16,850
Grants		934				934
Interest	437	1	7	3	1	449
Contributions			3,614			3,614
Other income	49		362			411
Total revenues	<u>15,636</u>	<u>935</u>	<u>3,983</u>	<u>3</u>	<u>1,701</u>	<u>22,258</u>
EXPENDITURES						
Current:						
Public safety		934	4,986		1,313	7,233
Cemetery	18,318					18,318
Total expenditures	<u>18,318</u>	<u>934</u>	<u>4,986</u>		<u>1,313</u>	<u>25,551</u>
Net change in fund balances	(2,682)	1	(1,003)	3	388	(3,293)
FUND BALANCE, JULY 1, 2016	<u>147,216</u>	<u>753</u>	<u>5,560</u>	<u>1,889</u>	<u>406</u>	<u>155,824</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 144,534</u>	<u>\$ 754</u>	<u>\$ 4,557</u>	<u>\$ 1,892</u>	<u>\$ 794</u>	<u>\$ 152,531</u>

**FUND FINANCIAL STATEMENTS
OF COMPONENT UNIT**

**DOWNTOWN DEVELOPMENT AUTHORITY
FUND FINANCIAL STATEMENTS**

VILLAGE OF PINCKNEY

DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2017

ASSETS

Cash and investments \$ 41,456

LIABILITIES

Accounts payable \$ 5,742
Accrued interest payable 1,184

Total liabilities \$ 6,926

FUND BALANCE 34,530

Total liabilities and fund balance \$ 41,456

VILLAGE OF PINCKNEY

DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES

Property taxes	\$ 128,469
Interest income	155
Program revenues	4,359
Other revenue	3,951
Total revenues	<u>136,934</u>

EXPENDITURES

Recreation and culture	51,232
Intergovernmental payment	18,000
Debt service - principal	30,000
Debt service - interest	5,043
Total expenditures	<u>104,275</u>

Net change in fund balance 32,659

FUND BALANCE, JULY 1, 2016 1,871

FUND BALANCE, JUNE 30, 2017 \$ 34,530