VILLAGE OF PINCKNEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

VILLAGE OF PINCKNEY

OFFICIALS

President - Linda Lavey
Treasurer/Finance Manager - Beverly Harris
Clerk - Jill Chapman

VILLAGE COUNCIL

Justin Bierman
Jeffrey Buerman
Stacy Conquest
Ted Kinczkowski
Linda Lavey
Brian Matson
Jeffrey Spencer

VILLAGE ATTORNEY

Cohl, Stoker, & Toskey, P.C.

VILLAGE AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

October 23, 2023

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pinckney, Michigan, as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-15 and 59-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

Supplementary Information

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

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2023. 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 $14,415,808 (net position). Of this amount, $5,322,489 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by $715,401.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of $3,187,192, a decrease of $684,840 in comparison with the prior year. The combined ending fund balance consists of non-spendable items (2.8%), restricted amounts (45.9%), committed amounts per Village Council (3.7%), assigned amounts (23.4%), and unassigned fund balance of $772,391 (24.2%) which is available for spending at the government's discretion.

The Village of Pinckney's total long-term obligations decreased by $245,360 during the current year, as a result of annual principal payments of $277,000 and an overall increase in compensated absences of $31,640.

Overview of the Financial Statements

This discussion and analysis are 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.

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 31 - 57 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 69 - 72 of this report. Fund financial statements of component unit (DDA) can be found on pages 75 - 76.

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 $14,415,808. This is a $715,401 decrease over the net position of $15,131,209 reported for the year ended June 30, 2022. A significant portion of the Village's net position, $7,501,368 (52.0%), 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, $1,591,950 (11.0%), 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 $5,322,490 (36.9%) 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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2023	6/30/	6/30/2023	6/30/	6/30/2023	6/30/
ASSETS						
Current and other assets	$ 4,333,928	$ 4,607,340	$ 4,811,145	$ 4,955,544	$ 9,145,073	$ 9,562,884
Capital assets	2,685,684	2,430,858	8,366,694	8,477,981	11,052,378	10,908,839
Total assets	7,019,612	7,038,198	13,177,839	13,433,525	20,197,451	20,471,723
DEFERRED OUTFLOW OF RESOURCES	348,347		80,568		428,915	
LIABILITIES						
Other liabilities	877,132	388,977	237,706	144,645	1,114,838	533,622
Long-term liabilities	1,291,317	743,885	3,465,790	3,576,061	4,757,107	4,319,946
Total liabilities	2,168,449	1,132,862	3,703,496	3,720,706	5,871,945	4,853,568
DEFERRED INFLOW OF RESOURCES	338,613	474,924		12,022	338,613	486,946
NET POSITION						
Invested in capital assets, net of related debt	2,430,684	2,140,858	5,070,684	4,939,972	7,501,368	7,080,830
Restricted	1,463,052	2,572,876	128,898	105,484	1,591,950	2,678,360
Unrestricted	967,161	716,678	4,355,329	4,655,341	5,322,490	5,372,019
Total net position	$ 4,860,897	$ 5,430,412	$ 9,554,911	$ 9,700,797	$ 14,415,808	$ 15,131,209

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2023	6/30/	6/30/2023	6/30/	6/30/2023	6/30/
REVENUES:						
Program revenues:						
Charges for services	$ 222,348	$ 222,572	$ 947,906	$ 785,100	$ 1,170,254	$ 1,007,672
Operating grants and contributions	197,405	705			197,405	705
General revenues:						
Property taxes	979,663	936,115			979,663	936,115
State shared revenues	567,801	553,526			567,801	553,526
Grant revenue			143,023	59,452	143,023	59,452
Interest income	33,716	13,029	34,374	5,154	68,090	18,183
Reimbursements	15,763				15,763	
Other	475,604	364,668	66,866	(35,325)	542,470	329,343
Gain (loss) from disposal of capital assets	8,000	5,916	(21,151)		(13,151)	5,916
Total revenues	2,500,300	2,096,531	1,171,018	814,381	3,671,318	2,910,912
EXPENSES						
General government	524,278	425,155			524,278	425,155
Public safety	726,354	620,506			726,354	620,506
Public works	1,798,576	795,808			1,798,576	795,808
Cemetery	28,916	23,519			28,916	23,519
Interest on long-term debt	7,031	8,347			7,031	8,347
Water system			381,893	342,259	381,893	342,259
Sewer system			934,601	720,814	934,601	720,814
Total expenses	3,085,155	1,873,335	1,316,494	1,063,073	4,401,649	2,936,408
Transfers in (out)	410		(410)			
Change in estimate	14,930				14,930	
Change in net position	(569,515)	223,196	(145,886)	(248,692)	(715,401)	(25,496)
Beginning net position	5,430,412	5,207,216	9,700,797	9,949,489	15,131,209	15,156,705
Ending net position	$ 4,860,897	$ 5,430,412	$ 9,554,911	$ 9,700,797	$ 14,415,808	$ 15,131,209

Governmental activities decreased the Village's net position by $569,515. The $569,515 decrease is primarily due to the increased spending in the Local Street Fund. Business-type activities reduced the Village's net position by $145,886.

Financial Analysis of the Village's Major Funds

The Village's General Fund had expenditures over revenues, before other financing sources (uses), totaling $242,235 this year.

The Village has four other major funds which are the General Highway Fund, Major Street Fund, Local Street Fund and American Rescue Plan Act Fund (ARPA Fund).

The General Highway Fund had revenues over expenditures, before other financing sources (uses), totaling $263,402. This was primarily due to efficient management of road expenditures.

The Major Street Fund had revenues over expenditures, before other financing sources (uses), totaling $241,457.

The Local Street Fund had expenditures over revenues, before other financing sources (uses), totaling $836,489.

The American Rescue Plan Act Fund (ARPA Fund) accounts for receiving and spending the federal grants applicable to the American Rescue Act Plan. In fiscal 2023, the Village spent $21,242 for an HVAC at the Village Hall.

The Village's two major proprietary funds, Sewage Disposal System Fund and Village Water Fund, had an aggregated decrease in net position of $145,886. The net position of the Sewage Disposal System Fund decreased by $116,393, due to charges for services not keeping pace with expense. The net position of the Village Water Fund decreased by $29,493, due to an operating loss of $83,275 offset by interest income of $19,688 and miscellaneous income of $33,850. The unrestricted net position of the combined proprietary funds at the end of the year amounted to $4,355,329, restricted assets amounted to $128,898, and capital assets net of related debt amounted to $5,070,684.

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 materially exceed budgeted appropriations for all major funds during the year. The budget was amended during the year to account for various differences between budget and actual.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounted to $11,052,378 (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 additions during the current fiscal year included the following:

- Village parking lot renovations
- Purchase of a police car
- Purchase of a bucket truck
- Security cameras
- HVAC at Village Hall
- Leaf vac

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

Capital Assets as of June 30, 2023

	Governmental Activities	Business-type Activities	Total Primary Government
Land	$ 48,285	$ 134,216	$ 182,501
Construction in progress		304,762	304,762
Buildings and improvements	728,180	291,570	1,019,750
Machinery and equipment	1,071,977	698,940	1,770,917
Road infrastructure	3,612,374		3,612,374
Sewer infrastructure		10,604,613	10,604,613
Water infrastructure		4,628,346	4,628,346
Vehicles		58,091	58,091
Subtotal	5,460,816	16,720,538	22,181,354
Accumulated depreciation	(2,775,132)	(8,353,844)	(11,128,976)
Net capital assets	$ 2,685,684	$ 8,366,694	$ 11,052,378

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 $3,551,011. The Village's total debt (excluding compensated absences) decreased by $277,000 due to repayments 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 2023-24 fiscal year:

- The labor agreement with the Police Officers Labor Council contains annual contractual rate increases. The current contract runs from July 1, 2022 through June 30, 2025.

- The Village is anticipating property tax revenue for its General Fund to show a modest increase for the next fiscal year. Another Headlee rollback was avoided in 2023, leaving the millage rate at 8.0587 mils. The General Highway millage remains 3.9964 mils. The total millage rate is 12.0551 mills for 2023-24.

- The Village was awarded an MDOT Category B grant of $174,000, with the Village providing the same in matching funds, for chip-sealing several local streets and major reconstruction work on North Howell Street. The project began in the 2022-23 fiscal year and will finish in 2023-24.

- The Village is undertaking a major water improvement project in 2023, extending water service through the neighborhoods of the northwest quadrant. The project was initiated to provide water service to a proposed marijuana grow and retail facility; the owners will be contributing to this extension as a requirement of their site plan approval. The Village is drawing on existing water funds to pay for this $2.6M project. Like the North Howell project, this project began in the 2022-23 fiscal year and will finish in 2023-24.

- The Village plans to accept a buyout offer from American Tower, providing a permanent lease for the property on which the cell tower operated by that company stands for $1.5M.

- Additional considerations for the 2023-24 fiscal year include allocating for the expenditure of $254,315 awarded under the American Rescue Plan Act, adopting a 10-year Street Improvement Plan, adopting a Sidewalk Improvement Plan, and implementing recommendations from a Utility Rate Study, in association with the Waste Water Asset Management Plan, to ensure the long-term health of the Water and Sewer system. Initial plans for adding a third well to the Village water system are in early stages. The Village has negotiated purchase of 1.5 acres on E. Hamburg Street to ensure its continued availability as a public park for $18,500; negotiations are beginning to purchase a strip of land from the Means Project for cemetery expansion.

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, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash, cash equivalents and investments	$ 3,732,617	$ 4,173,139	$ 7,905,756	$ 300,600
Receivables:				
Leases	271,253		271,253	
Accounts	97,112	459,848	556,960	
Other governments	91,568		91,568	
Miscellaneous	28,170		28,170	
Prepaid expenses	33,327	6,802	40,129	
Deposits	1,000		1,000	
Inventory		42,458	42,458	
Net other post employment benefits obligation	78,881		78,881	
Restricted:				
Cash and cash equivalents		118,370	118,370	
Special assessments receivable		10,528	10,528	
Capital assets:				
Non-depreciable	48,285	438,978	487,263	96,665
Depreciable, net	2,637,399	7,927,716	10,565,115	309,478
Total assets	7,019,612	13,177,839	20,197,451	706,743
DEFERRED OUTFLOW OF RESOURCES				
Pension asset, net	348,347	80,568	428,915	3,083
LIABILITIES				
Accounts payable and accrued expenses	542,177	159,706	701,883	9,591
Due to others	28,138		28,138	
Unearned revenue	233,073		233,073	
Long-term obligations:				
Compensated absences	38,744		38,744	
Current portion of long-term debt	35,000	78,000	113,000	
Net pension liability	1,071,317	247,781	1,319,098	9,479
Other due in more than one year	220,000	3,218,009	3,438,009	
Total liabilities	2,168,449	3,703,496	5,871,945	19,070
DEFERRED INFLOW OF RESOURCES				
Deferred inflows of resources - leases	264,467		264,467	
OPEB liability, net	74,146		74,146	
Total deferred inflow of resources	338,613		338,613	
NET POSITION				
Net investment in capital assets	2,430,684	5,070,684	7,501,368	406,143
Restricted:				
Public safety	31,206		31,206	
Public works	1,431,846		1,431,846	
USDA Revenue Bond, Series 2018 Bond and Interest Redemption Reserve		55,340	55,340	
USDA Revenue Bond, Series 2020 Bond and Interest Redemption Reserve		1,788	1,788	
USDA Revenue Bond, Series 2018 Repair, Replacement, Improvement Reserve		61,242	61,242	
Special Assessments		10,528	10,528	
Unrestricted	967,161	4,355,329	5,322,490	284,613
Total net position	$ 4,860,897	$ 9,554,911	$ 14,415,808	$ 690,756

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Programs Revenues		Net (Expenses) Revenue and Changes in Net Position			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
PRIMARY GOVERNMENT							
Governmental Activities							
General government	$ (524,278)	$	$ 197,405	$ (326,873)	$	$ (326,873)	$
Public safety	(726,354)			(726,354)		(726,354)	
Public works	(1,798,576)			(1,798,576)		(1,798,576)	
Cemetery	(28,916)	222,348		193,432		193,432	
Interest on long-term debt	(7,031)			(7,031)		(7,031)	
Total governmental activities	(3,085,155)	222,348	197,405	(2,665,402)		(2,665,402)	
Business-type Activities							
Water system	(381,893)	298,618			(83,275)	(83,275)	
Sewer system	(934,601)	649,288			(285,313)	(285,313)	
Total business-type activities	(1,316,494)	947,906			(368,588)	(368,588)	
Total primary government	$ (4,401,649)	$ 1,170,254	$ 197,405	(2,665,402)	(368,588)	(3,033,990)	
COMPONENT UNIT							
Downtown Development Authority	$ (208,498)	$ 2,320	$				(206,178)
		General revenues:					
		Property taxes		979,663		979,663	165,206
		State shared revenues		567,801		567,801	701
		Interest income		33,716	34,374	68,090	1,665
		State grant			143,023	143,023	
		Rental income		124,485		124,485	
		Reimbursements		15,763		15,763	
		Gain (loss) on sale of assets		8,000	(21,151)	(13,151)	
		Other income		351,119	66,866	417,985	
		Total general revenues		2,080,547	223,112	2,303,659	167,572
		Transfers in (out)		410	(410)		
		Changes in estimate		14,930		14,930	
		Changes in net position		(569,515)	(145,886)	(715,401)	(38,606)
		Net position, July 1,		5,430,412	9,700,797	15,131,209	729,362
		Net position, June 30, 2023		$ 4,860,897	$ 9,554,911	$ 14,415,808	$ 690,756

FUND FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	ARPA Fund	Nonmajor Funds	Total
ASSETS							
Cash, cash equivalents and investments	$ 1,141,315	$ 863,160	$ 657,979	$ 839,731	$	$ 230,432	$ 3,732,617
Receivables							
Leases	271,253						271,253
Services						97,112	97,112
Intergovernmental	41,003	35,436	15,129				91,568
Miscellaneous	28,170						28,170
Due from other funds					233,073		233,073
Deposit	1,000						1,000
Prepaid expenditures	32,595	101	254			377	33,327
Total assets	$ 1,515,336	$ 898,697	$ 673,362	$ 839,731	$ 233,073	$ 327,921	$ 4,488,120
LIABILITIES							
Accounts payable and accrued expenses	$ 91,600	$ 80,319	$ 245,607	$ 1,594	$	$ 123,057	$ 542,177
Due to others	28,138						28,138
Unearned revenues					233,073		233,073
Due to other funds	233,073						233,073
Total liabilities	352,811	80,319	245,607	1,594	233,073	123,057	1,036,461
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources - leases	264,467						264,467
FUND BALANCES							
Nonspendable							
Prepaid items	32,595	95	237			301	33,228
Corpus of permanent fund						55,462	55,462
Restricted							
Public safety						31,206	31,206
Public works		561,362	84,455	786,029			1,431,846
Committed							
Cemetery						117,895	117,895
Assigned							
Future budget deficit	93,072	256,921	343,063	52,108			745,164
Unassigned	772,391						772,391
Total fund balances	898,058	818,378	427,755	838,137		204,864	3,187,192
Total liabilities, deferred inflows of resources and fund balances	$ 1,515,336	$ 898,697	$ 673,362	$ 839,731	$ 233,073	$ 327,921	$ 4,488,120

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, 2023

Total governmental fund balances		$ 3,187,192
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 $2,548,151:		2,685,684
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	$ (255,000)	
Other post-employment benefits	78,881	
Compensated absences	(38,744)	
Net pension liability	(1,071,317)	
Deferred outflows related to net pension liability	348,347	
Deferred inflows related to OPEB liability	(74,146)	
		(1,011,979)
Net position of governmental activities		$ 4,860,897

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, 2023

Total component unit fund balances		$ 291,009
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 $314,193:		406,143
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:		
Net pension liability	$ (9,479)	
Deferred outflows related to net pension liability	3,083	
		(6,396)
Net position of governmental activities		$ 690,756

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, 2023

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	ARPA Fund	Nonmajor Funds	Total
REVENUES							
Taxes	$ 654,989	$	$	$ 324,674	$	$	$ 979,663
State revenues	267,613	208,910	89,151	2,127			567,801
Charges for services						222,348	222,348
Charges to other governments and funds	165,804						165,804
Grants	1,309	162,960	11,894		21,242		197,405
Rents	124,485						124,485
Licenses, fines and permits	116,878			3,600			120,478
Interest	17,436	5,521	4,287	4,963		1,509	33,716
Reimbursements	15,763						15,763
Other	54,874						54,874
Right of way fees				9,963			9,963
Total revenues	1,419,151	377,391	105,332	345,327	21,242	223,857	2,492,300
EXPENDITURES							
Current:							
General government	413,986						413,986
Public safety	641,881						641,881
Public works	215,901	135,934	941,821	39,894		211,274	1,544,824
Cemetery						27,742	27,742
Capital outlay:							
General government	389,618				21,242	119,156	530,016
Debt service:							
Principal				35,000			35,000
Interest and fiscal charges				7,031			7,031
Total expenditures	1,661,386	135,934	941,821	81,925	21,242	358,172	3,200,480
Excess of revenues over (under) expenditures	(242,235)	241,457	(836,489)	263,402		(134,315)	(708,180)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	8,000						8,000
Transfers in	410	1,000	569,455				570,865
Transfers (out)		(104,455)	(1,000)	(465,000)			(570,455)
Total other financing sources (uses)	8,410	(103,455)	568,455	(465,000)			8,410
Change in estimate	14,930						14,930
Net changes in fund balances	(218,895)	138,002	(268,034)	(201,598)		(134,315)	(684,840)
FUND BALANCE, JULY 1,	1,116,953	680,376	695,789	1,039,735		339,179	3,872,032
FUND BALANCE, JUNE 30, 2023	$ 898,058	$ 818,378	$ 427,755	$ 838,137	$	$ 204,864	$ 3,187,192

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, 2023

Net change in fund balances - governmental funds		$ (684,840)
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	$ 530,016	
Depreciation expense	(275,190)	
		254,826
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of position:		35,000
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	(22,715)	
Change in net pension obligation	(180,686)	
Change in net OPEB obligation	28,900	
		(174,501)
Change in net position of governmental activities		$ (569,515)

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, 2023

Net change in fund balances - governmental funds	$	(12,718)
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		(25,361)
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		(527)
Change in net position of component unit activities	$	(38,606)

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Sewage Disposal System Fund	Village Water Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 1,323,646	$ 1,936,902	$ 3,260,548
Investments	372,563	540,028	912,591
Accounts receivable	330,634	129,214	459,848
Prepaid expenses	4,357	2,445	6,802
Inventory		42,458	42,458
Total current assets	2,031,200	2,651,047	4,682,247
NONCURRENT ASSETS			
Restricted special assessment receivable	10,528		10,528
Restricted cash and cash equivalents	118,370		118,370
Capital assets not being depreciated	208,817	230,161	438,978
Capital assets being depreciated	6,288,701	1,639,015	7,927,716
Total noncurrent assets	6,626,416	1,869,176	8,495,592
Total assets	8,657,616	4,520,223	13,177,839
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on pension liability	45,109	35,459	80,568
Total assets and deferred outflow	8,702,725	4,555,682	13,258,407
CURRENT LIABILITIES			
Accounts payable and accrued expenses	38,125	121,581	159,706
Bonds payable - current portion	78,000		78,000
Total current liabilities	116,125	121,581	237,706
LONG-TERM OBLIGATIONS			
Net pension liability	138,729	109,052	247,781
Bonds payable	3,218,009		3,218,009
Total long-term obligations	3,356,738	109,052	3,465,790
Total liabilities	3,472,863	230,633	3,703,496
NET POSITION			
Invested in capital assets, net of related debt	3,201,508	1,869,176	5,070,684
Restricted:			
USDA Revenue Bond, Series 2018 Bond and Interest Redemption Reserve	55,340		55,340
USDA Revenue Bond, Series 2020 Bond and Interest Redemption Reserve	1,788		1,788
USDA Revenue Bond, Series 2018 Repair, Replacement, Improvement Reserve	61,242		61,242
Special Assessments	10,528		10,528
Unrestricted	1,899,456	2,455,873	4,355,329
Total net position	$ 5,229,862	$ 4,325,049	$ 9,554,911

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, 2023

	Sewage Disposal System Fund	Village Water Fund	Totals
OPERATING REVENUES			
Charges for services	$ 649,288	$ 298,618	$ 947,906
OPERATING EXPENSES	856,906	381,893	1,238,799
Operating income (loss)	(207,618)	(83,275)	(290,893)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	14,686	19,688	34,374
Interest (expense)	(77,695)		(77,695)
Loss on disposal of asset	(21,151)		(21,151)
State grant	143,023		143,023
Other (expense) income	33,016	33,850	66,866
Total non-operating revenues	91,879	53,538	145,417
TRANSFERS IN (OUT)	(654)	244	(410)
Change in net position	(116,393)	(29,493)	(145,886)
NET POSITION JULY 1,	5,346,255	4,354,542	9,700,797
NET POSITION JUNE 30, 2023	$ 5,229,862	$ 4,325,049	$ 9,554,911

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2023

	Sewage Disposal System Fund	Village Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	$ 565,974	$ 266,146	$ 832,120
Cash payments to employees for services	(91,407)	(56,915)	(148,322)
Cash payments to suppliers of goods and services	(526,416)	(46,626)	(573,042)
Net cash provided by operating activities	(51,849)	162,605	110,756
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Investment activity	522,674	298,317	820,991
Purchase of fixed assets	(109,298)	(230,161)	(339,459)
Special assessments collected	3,509		3,509
Principal and interest paid on capital debt	(319,695)		(319,695)
Other (expense) income	(41,391)	33,850	(7,541)
Net cash (used in) capital and related financing activities	55,799	102,006	157,805
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and cash equivalents	9,717	13,305	23,022
Net increase in cash and cash equivalents	13,667	277,916	291,583
CASH AND CASH EQUIVALENTS AT JULY 1,	1,428,349	1,658,986	3,087,335
CASH AND CASH EQUIVALENTS AT JUNE 30, 2023	$ 1,442,016	$ 1,936,902	$ 3,378,918
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	$ (207,618)	$ (83,275)	$ (290,893)
Adjustments to reconcile operating income to net cash from (used in) operating activities			
Depreciation	284,855	144,740	429,595
Loss on disposal	21,151		21,151
Pension	24,330	20,809	45,139
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(83,314)	(32,472)	(115,786)
(Increase) decrease in prepaid expenses	1,015	(849)	166
(Increase) decrease in deposits	8,520		8,520
(Increase) decrease in inventory		2,056	2,056
(Decrease) increase in accounts payable	(104,864)	109,348	4,484
(Decrease) increase in accrued expense	4,076	2,248	6,324
Total adjustments	155,769	245,880	401,649
Net cash from operating activities	$ (51,849)	$ 162,605	$ 110,756

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

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.

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 is 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.

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 **American Rescue Plan Act Fund (ARPA Fund)** accounts for receiving and spending the federal grants applicable to the American Rescue Plan Act.

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.

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 measurable 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.

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, 2023 the Village has accrued $47,669 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, and compensated absences. 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.

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.

Defined Benefit Pension Plans
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.

Defined Benefit Other Post Employment Benefit (OPEB) Plans
For purposes of measuring the net OPEB liability or asset, deferred outflows and inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Village of Pinckney Retiree Health Plan and additions to and deductions from the Village's fiduciary net position have been determined on the same basis as they are reported by the Village of Pinckney. For these purposes, benefit payments 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.

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, 2022 taxable valuation of the Village totaled $91,239,983.

The Village levies the following millages:

General Village	8.0587
General Highway	3.9964
Total millage	12.1723

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.

Lease Receivable

The Village is a lessor for a cell tower lease. The Village recognizes a lease receivable and deferred inflow of resources in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The Village's leases generally do not provide a readily available implicit rate. Therefore, the Village estimates the incremental borrowing discount rate based on the remaining lease term upon adoption date and information available at lease commencement for new or modified leases after the adoption date. The discount rates used were based on collateralized basis for similar terms and economic environments.

The following table presents the balance of certain information related to the operating leases as of and for the year ended June 30, 2023:

Cash received by Village	$ 135,756
Lease Receivable	271,253
Deferred inflows of resources - leases	(264,467)
Rental Income	(124,484)
Interest Income	(3,128)
Change in estimate	(14,930)

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, 2023 deposits and investments consist of the following:

CASH AND INVESTMENTS - PRIMARY GOVERNMENT AND COMPONENT UNIT

Deposits	Total	Cash	Investments
Checking accounts	$ 4,016,909	$ 4,016,909	$
Money market and savings account	3,017,602	3,017,602	
Non-negotiable certificates of deposit	1,505,153		1,505,153
Total deposits	$ 8,539,664	$ 7,034,511	$ 1,505,153

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued

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

	Primary Government	Component Unit
Statement of Net Position		
Cash and investments	$ 7,905,756	$ 300,600
Restricted Cash	118,370	
Total cash and investments	$ 8,024,126	$ 300,600

The differences between the carrying amount of cash and the balances per the financial institutions as of June 30, 2023 stem from outstanding checks, petty cash and accrued interest.

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, 2023 deposits in banks totaled $8,539,664, which was exposed to custodial credit risk as follows:

Insured by FDIC	$ 2,548,649
Uninsured and collateralized	1,837,636
Uninsured and uncollateralized	4,153,379
	$ 8,539,664

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of June 30, 2023 were:

Fund Receiving Resources	Fund Providing Resources	Amount
APRA Fund	General Fund	$ 233,073

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, 2023 were as follows:

Fund Receiving Resources	Fund Providing Resources	Amount
General Fund	Sewer Disposal System Fund	$ 410
Local Street Fund	Major Street Fund	104,455
Local Street Fund	General Highway Fund	465,000
Village Water Fund	Sewer Disposal System Fund	244

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

PRIMARY GOVERNMENT

Governmental activities	Balance July 1,	Additions	Deletions	Reclassification	Balance June 30, 2023
Capital assets not being depreciated:					
Land	$ 48,285	$	$	$	$ 48,285
Other capital assets:					
Buildings and improvements	450,483	277,697			728,180
Machinery and equipment	867,867	252,319	(48,209)		1,071,977
Road infrastructure	3,612,374				3,612,374
Subtotal	4,930,724	530,016	(48,209)		5,412,531
Less accumulated depreciation for:					
Buildings and improvements	(220,466)	(13,857)			(234,323)
Machinery and equipment	(535,363)	(80,714)	48,209		(567,868)
Road infrastructure	(1,792,322)	(180,619)			(1,972,941)
Subtotal	(2,548,151)	(275,190)	48,209		(2,775,132)
Other capital assets, net	2,382,573	254,826			2,637,399
Net capital assets	$ 2,430,858	$ 254,826	$	$	2,685,684
Related long-term debt outstanding at June 30, 2023:					(255,000)
Governmental capital assets, net of related debt:					$ 2,430,684

Depreciation expense was charged to the following governmental activities:

	Depreciation
General government	$ 6,428
Public works	228,994
Public safety	39,768
Total depreciation expense	$ 275,190

NOTE 5 - CAPITAL ASSETS - continued

PRIMARY GOVERNMENT - continued

Business-type activities	Balance July 1,	Additions	Deletions	Reclassification	Balance June 30, 2023
Capital assets not being depreciated:					
Land	$ 134,216	$	$	$	$ 134,216
Construction in progress		304,762			304,762
Subtotal	134,216	304,762			438,978
Other capital assets:					
Buildings	291,570				291,570
Vehicles	58,091				58,091
Equipment	732,004	17,657	(50,721)		698,940
Sewer infrastructure	10,628,267	17,040	(40,694)		10,604,613
Water infrastructure	4,628,346				4,628,346
Subtotal	16,338,278	34,697	(91,415)		16,281,560
Less accumulated depreciation for:					
Buildings	(70,592)	(7,477)			(78,069)
Vehicles	(58,091)				(58,091)
Equipment	(487,627)	(49,119)	48,739		(488,007)
Sewer infrastructure	(4,230,714)	(251,840)	21,525		(4,461,029)
Water infrastructure	(3,147,489)	(121,159)			(3,268,648)
Subtotal	(7,994,513)	(429,595)	70,264		(8,353,844)
Other capital assets, net	8,343,765	(394,898)	(21,151)		7,927,716
Net capital assets	$ 8,477,981	$ (90,136)	$ (21,151)	$	8,366,694
Related long-term debt outstanding at June 30, 2023:					(3,296,010)
Business-type capital assets, net of related debt					$ 5,070,684

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

	Depreciation
Sewer service	$ 284,855
Water service	144,740
Total depreciation expense	$ 429,595

NOTE 5 - CAPITAL ASSETS - continued

COMPONENT UNIT

Downtown Development Authority	Balance July 1,	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	$ 96,665	$	$	$ 96,665
Other capital assets:				
Infrastructure	623,671			623,671
Less accumulated depreciation for:				
Infrastructure	(288,832)	(25,361)		(314,193)
Other capital assets, net	334,839	(25,361)		309,478
Net capital assets	$ 431,504	$ (25,361)	$	$ 406,143

Depreciation expense was charged to the following component unit activity:

Recreation and culture	$ 25,361

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, 2023:

Primary Government	Balance July 1,	Additions	Deletions	Balance June 30, 2023	Amount Due in One Year
Government Activities					
2010 General Obligation Bonds	$ 290,000	$	$ 35,000	$ 255,000	$ 35,000
Compensated absences	16,029	22,715		38,744	6,203
Total government activities	306,029	22,715	35,000	293,744	41,203
Business-type Activities					
2013 General Obligation Capital Improvement Bonds	237,010		15,000	222,010	20,000
2020 Sanitary Sewer Bonds	491,000		9,000	482,000	9,000
2018 Rural Development Revenue Bonds	2,810,001		218,000	2,592,001	49,000
Compensated absences		8,925		8,925	
Total business-type activities	3,538,011	8,925	242,000	3,304,936	78,000
Total Primary Government	$ 3,844,040	$ 31,640	$ 277,000	$ 3,598,680	$ 119,203

The Village's long-term obligations as of June 30, 2023, 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, 2023:

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.	$ 255,000
Business-type Activities	
General Obligation Capital Improvement Bonds, Series 2013; original issue $357,009, interest at 2.00% maturing October 1, 2033, for improvement to the sewer system.	222,010
Total general obligation bonds	$ 477,010

NOTE 6 - LONG-TERM OBLIGATIONS - continued

As of June 30, 2023 the remaining debt service maturities on the general obligation bonds and installment agreement obligations of the Village are as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
Ended	Principal	Interest	Principal	Interest
2024	$ 35,000	$ 6,375	$ 78,000	$ 75,257
2025	35,000	5,500	80,000	73,324
2026	35,000	4,625	81,000	71,489
2027	35,000	3,750	82,000	69,656
2028	35,000	2,875	84,000	67,965
2029-2033	80,000	3,000	441,000	309,913
2034-2038			404,010	260,788
2039-2043			429,000	213,278
2044-2048			482,000	160,251
2049-2052			539,000	100,551
2053-2057			546,000	35,107
2058-2059			50,000	1,397
	$ 255,000	$ 26,125	$ 3,296,010	$ 1,438,976

Rural Development Bonds

The Village has the following revenue development bond outstanding as of June 30, 2023:

Business-type Activities

Rural Development Revenue Bonds, 92-02; original issue $2,949,000,
interest at 2.375% maturing November 8, 2058, for improvement to the sewer system. $ 2,592,001

Business-type Activities

Revenue Bonds, Series 2020; original issue $500,000,
interest at 1.875% maturing September 1, 2060, for improvement to the sewer system. $ 482,000

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 $47,669 and have been recorded in the government-wide financial statements at June 30, 2023.

NOTE 7- DEFINED BENEFIT PENSION 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 three divisions. Division 01 is an open division for the general employees, Division 02 is a closed division for the eligible police and fire employees. Division 10 is an open division for new hires after July 1, 2021, linked to Division 01.

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; 2% of the final average compensation for each year of service for Division 02, with no maximum, and 2% of the final average compensation for each year of service for Division 10, with no maximum Final average compensation is calculated based on the employee's final 5 years' wages for all divisions.

The plan has a vesting period of 10 years, with normal retirement at age 60 for all 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, 2022 valuation date, the following employees were covered by the benefit terms:

	Division 01	Division 02	Division 10
Inactive employees or beneficiaries currently receiving benefits	8	1	0
Inactive employees entitled to but not yet receiving benefits	8	0	0
Active employees	9	0	4
Total	25	1	4

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 and Division 10. For the year ended June 30, 2023 the rate was 19.43% and the fixed amount was $293 and $0 per month for the period July 1, 2021 through February 28, 2022, and a rate of 20.72% and fixed amount of $436 and $0 per month is effective for the period March 1, 2022 through June 30, 2023.

NOTE 7 - DEFINED BENEFIT PENSION 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, 2022.

Actuarial assumptions

The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.
Salary Increases: 3.0% in the long term.
Investment rate of return: 7.0%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with price inflation of 2.5%.

Mortality rates used were based on the 2014 Group Anuity Mortality Table of 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 2015.

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		Target Allocation Gross Rate of Return		Long-Term Expected Real Rate of Return
Global Equity	60.00%	x	7.00%	=	4.20%
Global Fixed Income	20.00%	x	4.50%	=	0.90%
Private Investments	20.00%	x	9.50%	=	1.90%
Total					7.00%

NOTE 7 - DEFINED BENEFIT PENSION PLAN - continued

Discount Rate

The discount rate used to measure the total pension liability is 7.25% for 2022. 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/	$ 4,328,616	$ 3,724,391	$ 604,225
Changes for the year			
Service cost	115,389		115,389
Interest on total pension liability	309,598		309,598
Changes in benefits			
Difference between expected and actual experience	96,205		96,205
Changes in assumptions			
Employer contributions		154,893	(154,893)
Employee contributions		33,501	(33,501)
Net investment income		(384,693)	384,693
Benefit payments, including employee refunds	(232,002)	(232,002)	
Administrative expense		(6,857)	6,857
Other changes			
Net changes	289,190	(435,158)	724,348
Balances as of 12/31/	$ 4,617,806	$ 3,289,233	$ 1,328,573

NOTE 7 - DEFINED BENEFIT PENSION 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 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability at 12/31/	$ 1,328,573	$ 1,328,573	$ 1,328,573
Change in Net Pension Liability (NPL) from change in discount rate	562,355		(467,668)
Calculated NPL	$ 1,890,928	$ 1,328,573	$ 860,905

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, 2023, the Village recognized pension expense of $386,977. The Village reported deferred outflow and inflow of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Total
Differences in experience	$ 64,138	$	$ 64,138
Differences in assumptions			
Excess (Deficit) of Investment Returns	291,197		291,197
Total to be amortized as pension expense	355,335		355,335
Contributions subsequent to the measurement date	76,661		76,661
Total deferred outflows (inflows)	$ 431,996	$	$ 431,996

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, 2023.

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

Year Ended	Expense
2024	$ 54,065
2025	85,299
2026	85,390
2027	130,581
Total	$ 355,335

NOTE 8 - POST EMPLOYMENT BENEFITS

Plan Description

Plan summary

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. The plan is closed to employees hired after July 1, 2012. 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.

Benefits Provided

The Village provides medical, pharmacy, dental and vision benefits for eligible retirees and their spouse. Benefits are provided through fully insured plans administered by Blue Cross Blue Shield of Michigan. Benefits are provided to the retiree until the earlier of Medicare eligibility or age 65. Benefits are provided to the spouse of each retiree until the retiree reaches the earlier of Medicare eligibility or age 65.

Summary of plan participants

The retiree health plan membership for the year ended June 30, 2023, consisted of the following:

Metrics	Active Employees	Retirees and Spouses
Covered participants	2	
Average age	52.8	
Average service age	20.0	
Percentage male	100.0	

Contribution Provisions

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, 2023, the Village made contributions of $0 to the RHFV. The retiree is responsible to pay for 50% of the premium cost in the form of reimbursements to the Village on a monthly basis.

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Assumptions and Methods

The Village's OPEB liability was measured as of June 30, 2023.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 with the following assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Individual Entry Age Normal as a level percentage of payroll
Discount Rate	6.00%
Annual Wage Increases	2.75%
Price Inflation	2.50%
Investment Rate of Return	6.00%
Actuarial Value of Assets	Market value
Annual Per Capita Claims Costs	Starting per capita costs were based on the annual premium equivalent rates provided by the insurer. These rates are charged on a per member, age-specific basis. As such, these rates are considered age-appropriate and no further adjustments are necessary. Fixed costs and fees are included in these costs to the extent the insurer incorporated them.
Participation	*100% of future retirees* are assumed to elect coverage at retirement. It is assumed that no one will opt in or opt out of coverage once an initial retirement election is made. *Current retirees*: Based on current coverage election. It is assumed that no one will opt in opt out of coverage once initial retirement election is made.
Spouse age	Actual age is used for spouses of current retirees, if provided.
Retirement	100% of participants are assumed to retire at age 60.
Withdrawal	Participants are assumed to not terminate employment for any reason other than death, disability or retirement.

Age	Rate
25	0.02%
30	0.02%
35	0.05%
40	0.08%
45	0.21%
50	0.29%
55	0.38%
60+	0.39%

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Assumptions and Methods - continued

Mortality

Healthy:
Pub-2010 General Retiree Mortality Table scaled by a factor of 106%

Disabled:
PubNS-2010 Disable Retiree Mortality Table without adjustment. The mortality assumptions include a margin for future mortality improvements using Scale MP-2021 projected fully-generationally from the central year of data, 2010. Ninety percent of active member deaths are assumed to be non-duty deaths, and 10% of the deaths are assumed to be duty related.

Annual Premium Equivalent Rates

Age	Medical and Prescription	Dental	Vision	Total
50	$ 6,680	$ 420	$ 51	$ 7,151
51	6,976	427	52	7,455
52	7,302	435	52	7,789
53	7,631	443	52	8,126
54	7,986	452	53	8,491
55	8,341	460	53	8,854
56	8,727	469	53	9,249
57	9,116	478	53	9,647
58	9,531	487	53	10,071
59	9,737	496	53	10,286
60	10,152	506	53	10,711
61	10,511	515	52	11,078
62	10,746	525	52	11,323
63	11,042	535	51	11,628
64	11,222	545	53	11,820

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Assumptions and Methods - continued

Discount Rate

The discount rate is the single rate that reflects (1) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that the OPEB plan's fiduciary net position Is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

Single Equivalent Interest Rate (SEIR)	
Long-Term Expected Rate of Return	6.00%
Municipal Bond Index Rate*	4.13%
Fiscal Year In Which Fiduciary Net Position Is Projected to be Depleted	N/A
Single Equivalent Interest Rate	6.00%

*Source: S&P Municipal Bond 20 Year High Grade Rate Index

Investment Rate of Return

The investment policy of the Employer is determined based on the goals and objectives of the Plan and the risk tolerance of the Employer. As new information regarding the economic environment becomes available the investment policy may need to be revised. Asset allocations fluctuate due to market performance, however, the targeted OPEB asset allocation is as described below. The Employer's objective in selecting the Expected Long-Term rate of return on Assets is to estimate the single rate of return that reflects the historical returns, future expectations for each asset class, and the asset mix of the plan assets.

Per disclosures released by MERS of Michigan, the following reflects the broad asset classes of the Total Market Portfolio, in which the Employer is invested, as well as the expected return on investments for each class. However, the Employer has selected a more conservative rate of 6.00%

Asset Classes	Target Allocation (a)	Inflation (b)	Real Rate of Return (c)	Arithmetic Mean (a) x [(b)+(c)]
Global Equity	60.00%	2.50%	3.50%	3.60%
Global Fixed Income	20.00%	2.50%	1.56%	0.81%
Private Assets	20.00%	2.50%	5.44%	1.59%
Total	100.00%	7.50%	10.50%	6.00%

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Net OPEB Liability

Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	$ 49,469	$ 124,790	$ (75,321)
Changes during the year			
Service cost	1,432		1,432
Interest	3,054		3,054
Differences between expected and actual experience		1,819	(1,819)
Change in actuarial assumptions	1,018		1,018
Change in benefits			
Contributions to OPEB trust			
Net investment income		7,480	(7,480)
Benefit payments, including refunds of contributions			
Administrative expenses		(235)	235
Other changes			
Total changes	5,504	9,064	(3,560)
Balance at June 30, 2023	$ 54,973	$ 133,854	$ (78,881)

Net OPEB Liability (Asset) Discount and Trend Rate Sensitivity
The following presents the Net OPEB Liability (NOL) of the Village, calculated using trend and discount rates of 1% higher or 1% lower than the base assumptions:

Trend	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	$ (78,881)	$ (78,881)	$ (78,881)
Change in Net OPEB Liability from change in trend	(4,624)		5,009
Adjusted Net OPEB Liability	$ (83,505)	$ (78,881)	$ (73,872)

Discount	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	$ (78,881)	$ (78,881)	$ (78,881)
Change in Net OPEB Liability from change in trend	3,447		(3,330)
Adjusted Net OPEB Liability	$ (75,434)	$ (78,881)	$ (82,211)

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

OPEB Expense

Components of the Village's OPEB expense, under GASB 75 standards, for the fiscal year ended June 30, 2023 are:

	Fiscal Year Ending June 30, 2023
Service cost	$ 1,432
Interest on total OPEB liability	3,054
Recognition of deferred outflows (inflows) related to:	
Projected and actual investment earnings	(1,177)
Differences between expected and actual experience	(19,393)
Changes in assumptions	(5,571)
Projected earnings on OPEB plan investments	(7,480)
Administrative expenses	235
Total OPEB expense	$ (28,900)

Deferred outflows and inflows of resources related to OPEB:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Total
Differences in experience	$ 1,013	$ (59,827)	$ (58,814)
Differences between projected and actual income	1,235		1,235
Differences in assumptions	901	(17,468)	(16,567)
Total deferred outflows (inflows)	$ 3,149	$ (77,295)	$ (74,146)

Amounts reported as deferred outflow and inflow of resources related to OPEB will be recognized as OPEB expense as follows:

For the year ended June 30,	
2024	$ (25,533)
2025	(20,006)
2026	(14,691)
2027	(14,349)
2028	117
Thereafter	316
Total	$ (74,146)

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.

NOTE 10 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Sewage Disposal System Fund as of June 30, 2023 consisted of the following:

	Sewage Disposal System Fund	Total Restricted Assets
Cash and cash equivalents	$ 118,370	$ 118,370
Special assessment receivables	10,528	10,528
Total	$ 128,898	$ 128,898

NOTE 11 - CHANGE IN ESTIMATE

In the prior year, the Village estimated the lease receivable discussed in Note 1 based on the present value of future lease receipts. During fiscal 2023, the payment terms of the lease changed. This lease modification required the Village to remeasure the lease receivables and deferred inflows of resources. This resulted in a change in estimate of $14,930.

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 23, 2023, which is the date the financial statements were available to be issued.

As of July 31, 2023, the Village has spent $1,739,000 on the NW Quadrant and N Howell Street Projects. The Village estimates remaining costs of approximately $2,400,000.

Subsequent to year end, the Village moved $1,100,000 into a MiClass investment account.

Management has determined that the Village does not have any other material recognizable or unrecognizable events.

NOTE 13 - UPCOMING GASB PRONOUNCEMENTS

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Village is currently evaluating the impact this Statement will have on the financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this Statement are effective for the Village's financial statements for the year ending June 30, 2025.

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, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Property taxes	$ 662,329	$ 662,329	$ 654,989	$ (7,340)
State revenues	236,064	268,264	267,613	(651)
Charges to other governments and funds	128,620	162,620	165,804	3,184
Grants	55,733	353	1,309	956
Rents	117,255	137,433	124,485	(12,948)
Licenses, fines and permits	33,500	92,500	116,878	24,378
Interest	3,500	14,000	17,436	3,436
Reimbursements		14,729	15,763	1,034
Miscellaneous income	2,000	38,200	54,874	16,674
Total revenues	1,239,001	1,390,428	1,419,151	28,723
EXPENDITURES				
Village council	12,484	12,484	11,253	1,231
President	16,872	16,872	15,652	1,220
Clerk	57,787	60,369	56,836	3,533
Auditors	5,000	5,876	5,876	
Secretary	27,138	28,743	27,448	1,295
Treasurer	65,494	66,679	61,901	4,778
Buildings and grounds	38,757	32,067	26,897	5,170
Legal	22,000	12,000	13,880	(1,880)
Elections	4,000	2,900	2,900	
Office overhead	69,725	69,725	69,671	54
Police	609,871	636,062	641,881	(5,819)
Public works	232,262	206,847	202,841	4,006
Street lights	12,500	13,060	13,060	
Capital outlay	310,000	398,169	389,618	8,551
Planning commission	8,830	67,830	85,240	(17,410)
Zoning department	20,469	21,144	22,271	(1,127)
Economic development	2,500	2,500	2,500	
Parks and recreation	20,987	12,959	11,661	1,298
Total expenditures	1,536,676	1,666,286	1,661,386	4,900
Excess of revenues over (under) expenditures	(297,675)	(275,858)	(242,235)	33,623
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets		8,000	8,000	
Transfers in			410	410
Total other financing sources		8,000	8,410	410
Change in estimate		1,982	14,930	12,948
Net change in fund balance	(297,675)	(265,876)	(218,895)	46,981
FUND BALANCE, JULY 1,	1,116,953	1,116,953	1,116,953	
FUND BALANCE, JUNE 30, 2023	$ 819,278	$ 851,077	$ 898,058	$ 46,981

VILLAGE OF PINCKNEY

MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental	$	$	$ 208,910	$
Interest			5,521	
Grant income			162,960	
Total revenues	366,665	370,165	377,391	7,226
EXPENDITURES				
Labor			10,800	
Contracted services			6,251	
Repairs and maintenance			82,808	
Charges from other funds			23,436	
Other			12,639	
Total expenditures	555,025	178,660	135,934	42,726
Excess of revenues over (under) expenditures	(188,360)	191,505	241,457	49,952
OTHER FINANCING (USES)				
Transfers (out)	(101,602)	(101,602)	(104,455)	(2,853)
Transfers in		1,000	1,000	
Total other financing sources	(101,602)	(100,602)	(103,455)	(2,853)
Net change in fund balance	(289,962)	90,903	138,002	47,099
FUND BALANCE, JULY 1,	680,376	680,376	680,376	
FUND BALANCE, JUNE 30, 2023	$ 390,414	$ 771,279	$ 818,378	$ 47,099

VILLAGE OF PINCKNEY

LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental	$	$	$ 89,151	$
Interest			4,287	
Grant income			11,894	
Total revenues	99,382	102,082	105,332	3,250
EXPENDITURES				
Labor			24,116	
Contracted services			98,336	
Repairs and maintenance			184,816	
Charges from other funds			24,676	
Capital outlay			606,058	
Other			3,819	
Total expenditures	721,214	1,336,534	941,821	394,713
Excess of revenues over (under) expenditures	(621,832)	(1,234,452)	(836,489)	397,963
OTHER FINANCING SOURCES				
Transfers in	101,602	566,602	569,455	2,853
Transfers (out)			(1,000)	(1,000)
Total other financing sources	101,602	566,602	568,455	1,853
Net change in fund balance	(520,230)	(667,850)	(268,034)	399,816
FUND BALANCE, JULY 1,	695,789	695,789	695,789	
FUND BALANCE, JUNE 30, 2023	$ 175,559	$ 27,939	$ 427,755	$ 399,816

VILLAGE OF PINCKNEY

GENERAL HIGHWAY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Property taxes	$	$	324,674	$
PPT reimbursement			2,127	
Licenses, fines and permits			3,600	
Interest			4,963	
Right of way fees			9,963	
Total revenues	332,737	345,637	345,327	(310)
EXPENDITURES				
Other			39,894	
Debt service - principal			35,000	
Debt service - interest			7,031	
Total expenditures	78,250	82,250	81,925	325
Excess of revenues over (under) expenditures	254,487	263,387	263,402	15
OTHER FINANCING SOURCES				
Transfer (out)		(465,000)	(465,000)	
Net change in fund balance	254,487	(201,613)	(201,598)	15
FUND BALANCE, JULY 1,	1,039,735	1,039,735	1,039,735	
FUND BALANCE, JUNE 30, 2023	$ 1,294,222	$ 838,122	$ 838,137	$ 15

VILLAGE OF PINCKNEY
ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budgets			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Grant revenue	$	$ 55,380	$ 21,242	$ (34,138)
EXPENDITURES				
Capital outlay		55,380	21,242	34,138
Net change in fund balance				
FUND BALANCE, JULY 1, 2022				
FUND BALANCE, JUNE 30, 2023	$	$	$	$

VILLAGE OF PINCKNEY

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	For the plan year ended December 31,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarial Determined Contributions	$ 154,893	$ 108,851	$ 129,172	$ 111,236	$ 100,399	$ 77,670	$ 79,836	$ 68,440	$ 59,600
Contributions in relation to the actuarially determined contribution	154,893	109,381	133,367	118,502	110,949	88,011	79,836	68,440	59,600
Contribution deficiency (excess)	$	$ (530)	$ (4,195)	$ (7,266)	$ (10,550)	$ (10,341)	$	$	$
Covered employee payroll	$ 732,105	$ 507,808	$ 671,194	$ 611,505	$ 541,600	$ 567,344	$ 541,924	$ 549,265	$ 538,126
Contributions as a percentage of covered employee payroll	21.16%	21.54%	19.87%	19.38%	20.49%	15.51%	14.73%	12.46%	11.08%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	16 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00%
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.

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

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	For the plan year ended December 31,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
TOTAL PENSION LIABILITY									
Service cost	$ 115,389	$ 74,292	$ 96,853	$ 85,855	$ 75,337	$ 82,549	$ 76,845	$ 75,304	$ 73,777
Interest	309,598	284,453	270,518	243,647	243,948	227,771	205,333	198,745	184,764
Changes of benefit terms									
Difference between expected and actual experience	96,205	5,994	49,811	22,103	(23,278)	36,896	114,412	(150,782)	
Changes of assumptions		163,365	111,430	127,104				135,877	
Benefit payments including employee refunds	(232,002)	(179,752)	(144,857)	(142,073)	(147,380)	(135,407)	(102,527)	(102,024)	(77,666)
Other		13,048		12,824					
Net change in total pension liability	289,190	361,400	383,755	349,460	148,627	211,809	294,063	157,120	180,875
TOTAL PENSION LIABILITY BEGINNING	4,328,616	3,967,216	3,583,461	3,234,001	3,085,374	2,873,565	2,579,502	2,422,382	2,241,507
TOTAL PENSION LIABILITY ENDING	$ 4,617,806	$ 4,328,616	$ 3,967,216	$ 3,583,461	$ 3,234,001	$ 3,085,374	$ 2,873,565	$ 2,579,502	$ 2,422,382
PLAN FIDUCIARY NET POSITION									
Contributions-employer	$ 154,893	$ 109,381	$ 133,367	$ 118,501	$ 110,949	$ 88,011	$ 79,836	$ 68,440	$ 59,600
Contributions-employee	33,501	21,807	26,813	25,681	24,813	22,430	23,380	21,844	21,260
Net Investment income	(384,693)	467,314	382,967	351,420	(106,738)	318,889	248,725	(33,959)	132,293
Benefit payments including employee refunds	(232,002)	(179,752)	(144,857)	(142,073)	(147,380)	(135,407)	(102,527)	(102,024)	(77,666)
Administrative expense	(6,857)	(5,364)	(5,931)	(6,057)	(5,247)	(5,045)	(4,905)	(4,900)	(4,873)
Net Change in Plan Fiduciary Net Position	(435,158)	413,386	392,359	347,472	(123,603)	288,878	244,509	(50,599)	130,614
PLAN FIDUCIARY NET POSITION BEGINNING	3,724,391	3,311,005	2,918,646	2,571,174	2,694,777	2,405,899	2,161,390	2,211,989	2,081,375
PLAN FIDUCIARY NET POSITION ENDING	$ 3,289,233	$ 3,724,391	$ 3,311,005	$ 2,918,646	$ 2,571,174	$ 2,694,777	$ 2,405,899	$ 2,161,390	$ 2,211,989
EMPLOYER NET PENSION LIABILITY	$ 1,328,573	$ 604,225	$ 656,211	$ 664,815	$ 662,827	$ 390,597	$ 467,666	$ 418,112	$ 210,393
Plan fiduciary net position as a percentage of the total pension liability	71.2%	86.0%	83.5%	81.4%	79.5%	87.3%	83.7%	83.8%	91.3%
Covered employee payroll	$ 732,105	$ 507,808	$ 671,194	$ 611,505	$ 541,600	$ 567,344	$ 541,924	$ 549,265	$ 538,126
Employer's net pension liability as a percentage of covered employee payroll	181.5%	119.0%	97.8%	108.7%	122.4%	68.8%	86.3%	76.1%	39.1%

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

OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	For the Plan Year Ended June 30, 2023	For the Plan Year Ended June 30, 2022	For the Plan Year Ended June 30, 2021	For the Plan Year Ended June 30, 2020	For the Plan Year Ended June 30, 2019	For the Plan Year Ended June 30, 2018
Actuarially determined employer contribution						
Service cost with interest to June 30	$	$ 1,972	$ 1,872	$ 4,188	$ 4,076	$ 4,076
Amortization of unfunded liability with interest to June 30		2,679	2,679	2,679	2,679	2,679
Actuarially determined employer contribution		4,651	4,551	6,867	6,755	6,755
Employer contribution					10,000	10,000
Contribution deficiency/(excess)	$	$ 4,651	$ 4,551	$ 6,867	$ (3,245)	$ (3,245)
Covered employee payroll	$ 136,011	$ 120,220	$ 314,336	$ 305,923	$ 292,525	$ 284,696
Employer contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	3.4%	3.5%

Notes to the schedule of contributions:

Valuation Date:	June 30, 2023
Actuarial methods:	Cost method: Individual Entry Age Normal (level percentage of compensation).
	Amortization period: 20 years
	Asset valuation method: Equal to market value of assets.
Actuarial assumptions:	Discount rate: 6.0%; rationale: Matches expected return on assets.
	Payroll inflation: 2.75%; rationale: Per information provided by Village.
	Return on plan assets: 6.0%; rationale: Single blended rate of long term real rate of return per asset advisor increased with inflation.
	Mortality rates: Pub-2010 Annuitant tables

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

OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	For the Plan Year Ended					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
TOTAL OPEB LIABILITY						
Service cost	$ 1,432	$ 3,405	$ 3,500	$ 4,066	$ 3,957	$ 9,867
Interest	3,054	7,804	7,386	8,121	7,435	9,812
Differences between expected and actual experience		(82,465)	(2,989)	2,117		(38,600)
Changes of assumptions	1,018	(3,352)		(26,273)		(8,290)
Benefit payments, including refunds of employee contributions		(5,168)				(18,909)
Net change in total OPEB liability	5,504	(79,776)	7,897	(11,969)	11,392	(46,120)
TOTAL OPEB LIABILITY - BEGINNING	49,469	129,245	121,348	133,317	121,925	168,045
TOTAL OPEB LIABILITY - ENDING	$ 54,973	$ 49,469	$ 129,245	$ 121,348	$ 133,317	$121,925
PLAN FIDUCIARY NET POSITION						
Contributions to OPEB trust	$	$	$	$	$ 10,000	$ 10,000
Net investment income	7,480	8,319	6,624	6,485	8,718	(431)
Differences between projected and actual earnings	1,819	(19,456)	24,439	(3,961)		
Benefit payments, including refunds of employee contributions		(5,168)				(18,909)
Administrative expenses	(235)	(248)	(229)	(198)	(201)	(223)
Net change in fiduciary net position	9,064	(16,553)	30,834	2,326	18,517	(9,563)
PLAN FIDUCIARY NET POSITION, BEGINNING	124,790	141,343	110,509	108,183	89,666	99,229
PLAN FIDUCIARY NET POSITION, ENDING	$ 133,854	$ 124,790	$ 141,343	$ 110,509	$ 108,183	$ 89,666
NET OPEB LIABILITY (ASSET)						
(TOTAL OPEB LIABILITY - PLAN FIDUCIARY NET POSITION)	$ (78,881)	$ (75,321)	$ (12,098)	$ 10,839	$ 25,134	$ 32,259
Plan fiduciary net position as a percentage of total OPEB liability	243.49%	252.26%	109.36%	91.07%	81.15%	73.54%
Covered employee payroll	$ 136,011	$ 120,220	$ 314,336	$ 305,923	$ 292,525	$284,696
Net OPEB liability (asset) as a percentage of covered employee payroll	-58.00%	-62.65%	-3.85%	3.54%	8.59%	11.33%

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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Budget Overruns

The following expenditures exceeded appropriations in the General Fund:

	Final Budget	Actual Expenditures	Variance (Unfavorable)
Legal	$ 12,000	$ 13,880	$ (1,880)
Police	636,062	641,881	(5,819)
Planning commission	67,830	85,240	(17,410)
Zoning departartment	21,144	22,271	(1,127)
Total	$ 737,036	$ 763,272	$ (26,236)

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

VILLAGE OF PINCNKEY

COMBINING BALANCE SHEETS
FUNDS INCLUDED IN GASB 54 CONSOLIDATION
JUNE 30, 2023

	General Fund Pre GASB 54 - Consolidation	Trust and Agency Fund	Total
ASSETS			
Cash and cash equivalents	$ 1,109,455	$ 31,860	$ 1,141,315
Receivables			
Leases	271,253		271,253
Intergovernmental	41,003		41,003
Miscellaneous	28,170		28,170
Deposit	1,000		1,000
Prepaid expenditures	32,595		32,595
Total assets	$ 1,483,476	$ 31,860	$ 1,515,336
LIABILITIES			
Accounts payable and accrued expenses	$ 87,878	$ 3,722	$ 91,600
Due to others		28,138	28,138
Due to other funds	233,073		233,073
Total liabilities	320,951	31,860	352,811
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - leases	264,467		264,467
FUND BALANCES			
Nonspendable			
Prepaid items	32,595		32,595
Assigned			
Future budget deficit	93,072		93,072
Unassigned	772,391		772,391
Total fund balances	898,058		898,058
Total liabilities, deferred inflows of resources, and fund balances	$ 1,483,476	$ 31,860	$ 1,515,336

VILLAGE OF PINCNKEY

COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Cemetery Fund	Refuse Collection Fund	Total
ASSETS			
Cash and investments	$ 175,730	$ 54,702	$ 230,432
Accounts receivable		97,112	97,112
Prepaid expenditures	301	76	377
Total assets	$ 176,031	$ 151,890	$ 327,921
LIABILITIES			
Accounts payable and accrued expenditures	$ 2,373	$ 120,684	$ 123,057
FUND BALANCES			
Nonspendable			
Prepaid items	301		301
Corpus of permanent fund	55,462		55,462
Restricted			
Public safety		31,206	31,206
Committed			
Cemetery	117,895		117,895
Total fund balances	173,658	31,206	204,864
Total liabilities and fund balances	$ 176,031	$ 151,890	$ 327,921

VILLAGE OF PINCKNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FUNDS INCLUDED IN GASB 54 CONSOLIDATION
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund Pre GASB 54 Consolidation	Trust and Agency Fund	Total
REVENUES			
Taxes	$ 654,989	$	$ 654,989
State revenues	267,613		267,613
Charges to other governments and funds	165,804		165,804
Grants	1,309		1,309
Rents	124,485		124,485
Licenses, fines and permits	36,275	80,603	116,878
Interest	17,436		17,436
Reimbursements	15,763		15,763
Other	54,874		54,874
Total revenues	1,338,548	80,603	1,419,151
EXPENDITURES			
Village council	11,253		11,253
President	15,652		15,652
Clerk	56,836		56,836
Auditors	5,876		5,876
Secretary	27,448		27,448
Treasurer	61,901		61,901
Buildings and grounds	26,897		26,897
Legal	13,880		13,880
Elections	2,900		2,900
Office overhead	69,671		69,671
Police	641,881		641,881
Public works	202,841		202,841
Street lights	13,060		13,060
Capital outlay	389,618		389,618
Planning commission	4,637	80,603	85,240
Zoning department	22,271		22,271
Economic development	2,500		2,500
Parks and recreation	11,661		11,661
Total expenditures	1,580,783	80,603	1,661,386
Excess of revenues over (under) expenditures	(242,235)		(242,235)
OTHER FINANCING SOURCES (USES)			
Transfer in	410		410
Sale of fixed asset	8,000		8,000
Total other financing sources (uses)	8,410		8,410
Change in estimate	14,930		14,930
Net change in fund balance	(218,895)		(218,895)
FUND BALANCE, JULY 1, 2022	1,116,953		1,116,953
FUND BALANCE, JUNE 30, 2023	$ 898,058	$	$ 898,058

VILLAGE OF PINCKNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Cemetery Fund	Refuse Collection Fund	Total
REVENUES			
Charges for services	$ 18,200	$ 204,148	$ 222,348
Interest income	1,329	180	1,509
Total revenues	19,529	204,328	223,857
EXPENDITURES			
Current:			
Public works		211,274	211,274
Capital outlay		119,156	119,156
Cemetery	27,742		27,742
Total expenditures	27,742	330,430	358,172
Net change in fund balance	(8,213)	(126,102)	(134,315)
FUND BALANCE, JULY 1, 2022	181,871	157,308	339,179
FUND BALANCE, JUNE 30, 2023	$ 173,658	$ 31,206	$ 204,864

FUND FINANCIAL STATEMENTS
OF COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY
FUND FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY

DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2023

ASSETS		
Cash and investments		$ 300,600
LIABILITIES		
Accounts payable	$ 9,397	
Accrued expenditures	194	
Total liabilities		$ 9,591
FUND BALANCE		291,009
Total liabilities and fund balance		$ 300,600

VILLAGE OF PINCKNEY

DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

REVENUES	
Property taxes	$ 165,206
Charges for services	2,320
State revenues	701
Interest income	1,665
Total revenues	169,892
EXPENDITURES	
Recreation and culture	182,610
Net change in fund balance	(12,718)
FUND BALANCE, JULY 1,	303,727
FUND BALANCE, JUNE 30, 2023	$ 291,009

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October 23, 2023

Village Council
Village of Pinckney
220 South Howell Street
Pinckney, MI 48169

Dear Honorable Village Council:

In planning and performing our audit of the financial statements of Village of Pinckney as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Village of Pinckney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses:

A deficiency in internal control exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in Village of Pinckney's internal control to be material weaknesses:

1. **ESTABLISH CONTROL OVER THE FINANCIAL REPORTING PROCESS**

   Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the Village. Management is as responsible for outsourced functions performed by a service provider as it would be if your personnel performed such functions. Specifically, management is responsible for management decisions and functions: for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not perform a detailed review of the financial statements. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Village's internal control.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

Response by Management

Management believes the perceived benefit of more control over the financial reporting process does not exceed the related cost. Therefore, management has chosen to continue to request the auditors to prepare the financial statements. Management has read, reviewed, understands and takes responsibility of the financial statements.

2. SEGREGATION OF DUTIES

The Village has individuals responsible for maintaining the general ledger, writing and posting checks and signing checks (ability to make disbursements). We consider this a lack of segregating duties.

RESPONSE BY MANAGEMENT

Management believes because of the size of the Village, complete segregation of duties can not be done without significant additional costs. Therefore, management has decided to maintain the current practice.

Conclusion

Thank you for your assistance and hospitality toward our firm while conducting the audit of Village of Pinckney.

If you should have any questions, comments or concerns please do not hesitate to call us.

This communication is intended solely for the information and use of management, Village Council, and others with the organization, and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

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October 23, 2023

Village Council
Village of Pinckney
220 South Howell Street
Pinckney, Michigan 48169

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pinckney, Michigan, as of an for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Pinckney are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022/2023. We noted no transactions entered into by the Village of Pinckney during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Depreciation Expense

Management's estimate of the depreciation expense is based on the estimated useful lives and salvage value of capital assets. We evaluated the methods, assumptions and data used to develop the deprecation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Lease Receivable

Management's estimate of the net present value of leases is based on the incremental borrowing rate and remaining lease term. We have evaluated the key factors and assumptions used to develop the estimate for net present value of leases in determining that it is reasonable in relation to the financial statements taken as a whole.

Inventory

Management does not maintain a perpetual inventory system and has estimated the value of inventory on hand. The valuation is based on an estimated or actual count of inventory items and an estimated cost per item. We have evaluated the key factors and assumptions used to develop an estimated inventory valuation in determining that it is reasonable in relation to the financial statements taken as a whole.

Pension - Actuarial Accrued Liability

Management has recorded an estimate for the actuarial accrued liability for future defined benefit retirement contributions. The liability is based on an estimate of wage increases, mortality tables to estimate the number of members who will reach retirement age and receive benefits during retirement, assumed retirement rates of employees, assumed rate of return on investments, and future changes in benefit provisions. We have evaluated the key factors and assumptions in developing an estimated actuarial accrued liability in determining that it is reasonable in relation to the financial statement taken as a whole.

OPEB - Actuarial Accrued Liability

Management has recorded an estimate for the actuarial accrued liability for future other post-employment benefits. The liability is based on an actuarial valuation with assumptions related to discount rate, annual wage increases, price inflation, investment rate of return, participation, retirement age, mortality tables and medical trends. We have evaluated the key factors and assumptions in developing an estimated actuarial accrued liability in determining that it is reasonable in relation to the financial statement taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 23, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,

Pfeffer, Hanniford & Palka, P.C.

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