# VILLAGE OF PINCKNEY

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

# VILLAGE OF PINCKNEY

**OFFICIALS**

President - Jeffrey Buerman
Treasurer - Tabitha Dolan
Clerk - Andrea McCall

**VILLAGE COUNCIL**

Justin Bierman
Jeffrey Buerman
Stacy Conquest
Rob Coopersmith
Keri Hochertz
Nick Kane
Jo Self

**VILLAGE ATTORNEY**

Cohl, Stoker, & Toskey, P.C.

**VILLAGE AUDITORS**

Pfeffer, Hanniford & Palka
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT**

December 8, 2025

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, 2025, 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, 2025, 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 62-70 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, 2025. 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 $15,368,288 (net position). Of this amount, $5,334,309 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by $1,842,572.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of $4,122,126, an increase of $1,807,840 in comparison with the prior year. The combined ending fund balance consists of non-spendable items (2.4%), restricted amounts (41.2%), committed amounts per Village Council (2.4%), assigned amounts (11.7%), and unassigned fund balance of $1,744,661 (42.3%) which is available for spending at the government's discretion.

The Village of Pinckney's total long-term obligations decreased by $129,999 during the current year, as a result of annual principal payments of $115,000 and an overall decrease in compensated absences of $14,999.

## 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 Disposal System 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 - 60 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 75 - 78 of this report. Fund financial statements of component unit (DDA) can be found on pages 81 - 82.

**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 $15,368,288. This is a $1,842,572 increase over the net position of $13,525,716 reported for the year ended June 30, 2024. A significant portion of the Village's net position, $8,161,573 (53.11%), 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, $1,872,406 (12.18%), 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 $5,334,309 (34.71%) 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 | |
|---|---|---|---|---|---|---|
| | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 |
| **ASSETS** | | | | | | |
| Current and other assets | $ 4,424,811 | $ 2,851,319 | $ 4,028,635 | $ 3,668,542 | $ 8,453,446 | $ 6,519,861 |
| Capital assets | 2,460,496 | 2,540,065 | 9,024,088 | 9,404,426 | 11,484,584 | 11,944,491 |
| **Total assets** | 6,885,307 | 5,391,384 | 13,052,723 | 13,072,968 | 19,938,030 | 18,464,352 |
| **DEFERRED OUTFLOW OF RESOURCES** | 159,966 | 228,170 | 51,052 | 66,245 | 211,018 | 294,415 |
| **LIABILITIES** | | | | | | |
| Other liabilities | 271,273 | 363,851 | 135,713 | 76,735 | 406,986 | 440,586 |
| Long-term liabilities | 1,060,948 | 1,154,142 | 3,347,740 | 3,511,820 | 4,408,688 | 4,665,962 |
| **Total liabilities** | 1,332,221 | 1,517,993 | 3,483,453 | 3,588,555 | 4,815,674 | 5,106,548 |
| **DEFERRED INFLOW OF RESOURCES** | (34,914) | 126,503 | | | (34,914) | 126,503 |
| **NET POSITION** | | | | | | |
| Invested in capital assets, net of related debt | 2,275,496 | 2,320,065 | 5,886,077 | 6,186,415 | 8,161,573 | 8,506,480 |
| Restricted | 1,698,522 | 1,273,662 | 173,884 | 152,254 | 1,872,406 | 1,425,916 |
| Unrestricted | 1,773,948 | 381,331 | 3,560,361 | 3,211,989 | 5,334,309 | 3,593,320 |
| **Total net position** | $ 5,747,966 | $ 3,975,058 | $ 9,620,322 | $ 9,550,658 | $ 15,368,288 | $ 13,525,716 |

## Summary of Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 |
| **REVENUES:** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 254,183 | $ 234,365 | $ 1,084,640 | $ 1,080,928 | $ 1,338,823 | $ 1,315,293 |
| Operating grants and contributions | 104,013 | 92,204 | | | 104,013 | 92,204 |
| General revenues: | | | | | | |
| Property taxes | 1,102,440 | 1,044,767 | | | 1,102,440 | 1,044,767 |
| State shared revenues | 594,814 | 578,500 | | | 594,814 | 578,500 |
| Grant revenue | | | | | | |
| Interest income | 93,437 | 84,203 | 120,908 | 116,253 | 214,345 | 200,456 |
| Reimbursements | 4,156 | 2,667 | | | 4,156 | 2,667 |
| Sale of tower | 1,551,413 | | | | 1,551,413 | |
| Other | 316,362 | 457,471 | 32,605 | 61,194 | 348,967 | 518,665 |
| Gain (loss) from disposal of capital assets | 35,464 | | 6,000 | | 41,464 | |
| **Total revenues** | 4,056,282 | 2,494,177 | 1,244,153 | 1,258,375 | 5,300,435 | 3,752,552 |
| **EXPENSES** | | | | | | |
| General government | 410,267 | 410,741 | | | 410,267 | 410,741 |
| Public safety | 759,111 | 613,420 | | | 759,111 | 613,420 |
| Public works | 991,661 | 2,319,059 | | | 991,661 | 2,319,059 |
| Cemetery | 23,294 | 29,660 | | | 23,294 | 29,660 |
| Recreation and culture | 1,971 | 1,972 | | | 1,971 | 1,972 |
| Interest on long-term debt | 5,281 | 6,156 | | | 5,281 | 6,156 |
| Water system | | | 479,601 | 430,754 | 479,601 | 430,754 |
| Sewer system | | | 769,922 | 831,293 | 769,922 | 831,293 |
| **Total expenses** | 2,191,585 | 3,381,008 | 1,249,523 | 1,262,047 | 3,441,108 | 4,643,055 |
| **Transfers in (out)** | (75,034) | 581 | 75,034 | (581) | | |
| **Change in estimate** | (16,755) | 411 | | | (16,755) | 411 |
| **Change in net position** | 1,772,908 | (885,839) | 69,664 | (4,253) | 1,842,572 | (890,092) |
| **Beginning net position** | 3,975,058 | 4,860,897 | 9,550,658 | 9,554,911 | 13,525,716 | 14,415,808 |
| **Ending net position** | $ 5,747,966 | $ 3,975,058 | $ 9,620,322 | $ 9,550,658 | $ 15,368,288 | $ 13,525,716 |

Governmental activities increased the Village's net position by $1,772,908. The $1,772,908 increase is primarily due to the sale of the cell tower for approximately $1,550,000. Business-type activities increased the Village's net position by $69,664.

**Financial Analysis of the Village's Major Funds**

The Village's General Fund had revenues over expenditures, before other financing sources (uses), totaling $1,355,490 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 $309,612. This was primarily due to efficient management of road expenditures.

The Major Street Fund had revenues over expenditures, before other financing sources (uses), totaling $44,002.

The Local Street Fund had revenues over expenditures, before other financing sources (uses), totaling $66,374.

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 2025, the Village transferred $75,599 to Water Fund for system improvements.

The Village's two major proprietary funds, Sewage Disposal System Fund and Village Water Fund, had an aggregated increase in net position of $69,664. The net position of the Sewage Disposal System Fund increased by $58,145. The net position of the Village Water Fund increased by $11,519. The unrestricted net position of the combined proprietary funds at the end of the year amounted to $3,560,361, restricted assets amounted to $173,884, and capital assets net of related debt amounted to $5,886,077.

**General Fund Budgetary Highlights**

The General Fund budget was adopted prior to the fiscal year in accordance with Public Act 493 of 2000. Some expenditures exceeded budgeted appropriations – see page 72. 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, 2025 amounted to $11,484,584 (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:

- 2024 Dodge Durango
- 2025 GMC Sierra Pickup
- Body cameras
- Speed signs
- Kubota commercial mower

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

**Capital Assets as of June 30, 2025**

| | Governmental Activities | Business-type Activities | Total Primary Government |
|---|---|---|---|
| Land | $ 67,130 | $ 134,216 | $ 201,346 |
| Construction in progress | | | |
| Buildings and improvements | 764,934 | 291,570 | 1,056,504 |
| Machinery and equipment | 1,252,833 | 746,602 | 1,999,435 |
| Road infrastructure | 3,730,724 | | 3,730,724 |
| Sewer infrastructure | | 10,991,435 | 10,991,435 |
| Water infrastructure | | 6,062,709 | 6,062,709 |
| Vehicles | | 58,091 | 58,091 |
| **Subtotal** | 5,815,621 | 18,284,623 | 24,100,244 |
| Accumulated depreciation | (3,355,125) | (9,260,535) | (12,615,660) |
| **Net capital assets** | $ 2,460,496 | $ 9,024,088 | $ 11,484,584 |

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 $3,323,011. The Village's total debt (excluding compensated absences) decreased by $115,000 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 2025-26 fiscal year:

- The labor agreement with the Police Officers Labor Council contains annual contractual rate increases. The current contract is undergoing amendments and is expected to be signed this week and runs from July 1 2025, to June 30,2027.

- The Village is anticipating property tax revenue for its General Fund to show a modest increase for the next fiscal year. Due to the headlee rollback operating millage dropped from a rate at 8.0587 to 8.0006. The General Highway millage is 3.9675 mils. The total millage rate is 11.9681 mills for 2025-2026.

- Only one project was approved for 2025-2026 fiscal year and that is the pavement for the Putnam Mill Fill.

- Remaining ARPA funds have been earmarked to be spent on the purchase of new meters for water/sewer, $5,000 to revitalize the Village Depot into a trailside café and bicycle rental, any remaining funds will be used for engineering for the pathway from the Lakeland's trail to the high school.

**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, 2025**

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Unit |
| **ASSETS** | | | | |
| Cash, cash equivalents and investments | $ 4,071,314 | $ 3,269,075 | $ 7,340,389 | $ 398,776 |
| Receivables: | | | | |
| Accounts | 117,529 | 526,188 | 643,717 | |
| Other governments | 95,842 | | 95,842 | |
| Miscellaneous | 2,332 | | 2,332 | |
| Prepaid expenses | 42,879 | 7,740 | 50,619 | |
| Inventory | | 51,748 | 51,748 | |
| Net other post employment benefits obligation | 94,915 | | 94,915 | |
| Restricted: | | | | |
| Cash and cash equivalents | | 172,129 | 172,129 | |
| Special assessments receivable | | 1,755 | 1,755 | |
| Capital assets: | | | | |
| Non-depreciable | 67,130 | 134,216 | 201,346 | 96,665 |
| Depreciable, net | 2,393,366 | 8,889,872 | 11,283,238 | 258,755 |
| **Total assets** | 6,885,307 | 13,052,723 | 19,938,030 | 754,196 |
| **DEFERRED OUTFLOW OF RESOURCES** | | | | |
| Pension asset, net | 159,966 | 51,052 | 211,018 | 1,577 |
| **LIABILITIES** | | | | |
| Accounts payable and accrued expenses | 105,465 | 42,275 | 147,740 | 29,137 |
| Due to others | 22,958 | | 22,958 | |
| Unearned revenue | 79,347 | | 79,347 | |
| Long-term obligations: | | | | |
| Compensated absences | 28,503 | 12,438 | 40,941 | |
| Current portion of long-term debt | 35,000 | 81,000 | 116,000 | |
| Net pension liability | 910,948 | 290,729 | 1,201,677 | 8,981 |
| Other due in more than one year | 150,000 | 3,057,011 | 3,207,011 | |
| **Total liabilities** | 1,332,221 | 3,483,453 | 4,815,674 | 38,118 |
| **DEFERRED INFLOW OF RESOURCES** | | | | |
| OPEB liability, net | (34,914) | | (34,914) | |
| **Total deferred inflow of resources** | (34,914) | | (34,914) | |
| **NET POSITION** | | | | |
| Net investment in capital assets | 2,275,496 | 5,886,077 | 8,161,573 | 355,420 |
| Restricted: | | | | |
| Public safety | 108,061 | | 108,061 | |
| Public works | 1,590,461 | | 1,590,461 | |
| USDA Revenue Bond, Series 2018 Bond and Interest Redemption Reserve | | 81,902 | 81,902 | |
| USDA Revenue Bond, Series 2020 Bond and Interest Redemption Reserve | | 1,788 | 1,788 | |
| USDA Revenue Bond, Series 2018 Repair, Replacement, Improvement Reserve | | 88,439 | 88,439 | |
| Special Assessments | | 1,755 | 1,755 | |
| Unrestricted | 1,773,948 | 3,560,361 | 5,334,309 | 362,235 |
| **Total net position** | $ 5,747,966 | $ 9,620,322 | $ 15,368,288 | $ 717,655 |

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

| | | 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 | $ (410,267) | $ | $ 104,013 | $ (306,254) | $ | $ (306,254) | $ |
| Public safety | (759,111) | | | (759,111) | | (759,111) | |
| Public works | (991,661) | | | (991,661) | | (991,661) | |
| Cemetery | (23,294) | 254,183 | | 230,889 | | 230,889 | |
| Recreation and culture | (1,971) | | | (1,971) | | (1,971) | |
| Interest on long-term debt | (5,281) | | | (5,281) | | (5,281) | |
| **Total governmental activities** | (2,191,585) | 254,183 | 104,013 | (1,833,389) | | (1,833,389) | |
| **Business-type Activities** | | | | | | | |
| Water system | (479,601) | 344,046 | | | (135,555) | (135,555) | |
| Sewer system | (769,922) | 740,594 | | | (29,328) | (29,328) | |
| **Total business-type activities** | (1,249,523) | 1,084,640 | | | (164,883) | (164,883) | |
| **Total primary government** | $ (3,441,108) | $ 1,338,823 | $ 104,013 | (1,833,389) | (164,883) | (1,998,272) | |
| **COMPONENT UNIT** | | | | | | | |
| Downtown Development Authority | $ (206,946) | $ 1,872 | $ | | | | (205,074) |
| | | **General revenues:** | | | | | |
| | | Property taxes | | 1,102,440 | | 1,102,440 | 190,193 |
| | | State shared revenues | | 594,814 | | 594,814 | 883 |
| | | Interest income | | 93,437 | 120,908 | 214,345 | 4,670 |
| | | Rental income | | 57,378 | | 57,378 | |
| | | Reimbursements | | 4,156 | | 4,156 | |
| | | Gain (loss) on sale of assets | | 35,464 | 6,000 | 41,464 | |
| | | Sale of tower | | 1,551,413 | | 1,551,413 | |
| | | Other income | | 258,984 | 32,605 | 291,589 | 1,015 |
| | | **Total general revenues** | | 3,698,086 | 159,513 | 3,857,599 | 196,761 |
| | | **Transfers in (out)** | | (75,034) | 75,034 | | |
| | | **Changes in estimate** | | (16,755) | | (16,755) | |
| | | **Changes in net position** | | 1,772,908 | 69,664 | 1,842,572 | (8,313) |
| | | **Net position, July 1, 2024** | | 3,975,058 | 9,550,658 | 13,525,716 | 725,968 |
| | | **Net position, June 30, 2025** | | $ 5,747,966 | $ 9,620,322 | $ 15,368,288 | $ 717,655 |

# FUND FINANCIAL STATEMENTS

**VILLAGE OF PINCKNEY**

**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2025**

| | General Fund | Major Street Fund | Local Street Fund | General Highway Fund | ARPA Fund | Nonmajor Funds | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash, cash equivalents and investments | $ 2,351,867 | $ 412,169 | $ 431,450 | $ 718,935 | $ | $ 156,893 | $ 4,071,314 |
| Receivables | | | | | | | |
| Services | | | | | | 117,529 | 117,529 |
| Intergovernmental | 44,851 | 35,723 | 15,268 | | | | 95,842 |
| Miscellaneous | | 1,232 | 1,100 | | | | 2,332 |
| Due from other funds | | | | | 79,347 | | 79,347 |
| Prepaid expenditures | 42,341 | 50 | 78 | | | 410 | 42,879 |
| **Total assets** | $ 2,439,059 | $ 449,174 | $ 447,896 | $ 718,935 | $ 79,347 | $ 274,832 | $ 4,409,243 |
| **LIABILITIES** | | | | | | | |
| Accounts payable and accrued expenses | $ 71,409 | $ 10,225 | $ 4,266 | $ 8,830 | $ | $ 10,735 | $ 105,465 |
| Due to others | 22,958 | | | | | | 22,958 |
| Unearned revenues | | | | | 79,347 | | 79,347 |
| Due to other funds | 79,347 | | | | | | 79,347 |
| **Total liabilities** | 173,714 | 10,225 | 4,266 | 8,830 | 79,347 | 10,735 | 287,117 |
| **FUND BALANCES** | | | | | | | |
| Nonspendable | | | | | | | |
| Prepaid items | 42,341 | 50 | 78 | | | 410 | 42,879 |
| Corpus of permanent fund | | | | | | 57,292 | 57,292 |
| Restricted | | | | | | | |
| Public safety | | | | | | 108,061 | 108,061 |
| Public works | | 438,899 | 441,457 | 710,105 | | | 1,590,461 |
| Committed | | | | | | | |
| Cemetery | | | | | | 98,334 | 98,334 |
| Assigned | | | | | | | |
| Future budget deficit | 478,343 | | 2,095 | | | | 480,438 |
| Unassigned | 1,744,661 | | | | | | 1,744,661 |
| **Total fund balances** | 2,265,345 | 438,949 | 443,630 | 710,105 | | 264,097 | 4,122,126 |
| **Total liabilities, deferred inflows of resources and fund balances** | $ 2,439,059 | $ 449,174 | $ 447,896 | $ 718,935 | $ 79,347 | $ 274,832 | $ 4,409,243 |

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, 2025**

| | | |
|---|---|---|
| **Total governmental fund balances** | | $ 4,122,126 |
| 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 $3,355,125: | | 2,460,496 |
| 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 | $ (185,000) | |
| Other post-employment benefits | 94,915 | |
| Compensated absences | (28,503) | |
| Net pension liability | (910,948) | |
| Deferred outflows related to net pension liability | 159,966 | |
| Deferred inflows related to OPEB liability | 34,914 | |
| | | (834,656) |
| **Net position of governmental activities** | | $ 5,747,966 |

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, 2025**

| | | |
|---|---|---|
| **Total component unit fund balances** | | $ 369,639 |
| 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 $364,916: | | 355,420 |
| 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 | $ (8,981) | |
| Deferred outflows related to net pension liability | 1,577 | |
| | | (7,404) |
| **Net position of governmental activities** | | $ 717,655 |

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, 2025**

| | General Fund | Major Street Fund | Local Street Fund | General Highway Fund | ARPA Fund | Nonmajor Funds | Total |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Taxes | $ 737,426 | $ | $ | $ 365,014 | $ | $ | $ 1,102,440 |
| State revenues | 272,590 | 224,113 | 95,788 | 2,323 | | | 594,814 |
| Charges for services | | | | | | 254,183 | 254,183 |
| Charges to other governments and funds | 171,108 | | | | | | 171,108 |
| Grants | 6,839 | | 21,575 | | 75,599 | | 104,013 |
| Rents | 57,378 | | | | | | 57,378 |
| Licenses, fines and permits | 52,438 | | | 3,100 | | | 55,538 |
| Interest | 44,714 | 16,057 | 6,390 | 21,354 | | 4,922 | 93,437 |
| Reimbursements | 4,156 | | | | | | 4,156 |
| Sale of tower | 1,551,413 | | | | | | 1,551,413 |
| Other | 19,499 | 2,437 | | | | | 21,936 |
| Right of way fees | | | | 10,402 | | | 10,402 |
| **Total revenues** | 2,917,561 | 242,607 | 123,753 | 402,193 | 75,599 | 259,105 | 4,020,818 |
| **EXPENDITURES** | | | | | | | |
| Current: | | | | | | | |
| General government | 407,592 | | | | | | 407,592 |
| Public safety | 664,241 | | | | | | 664,241 |
| Public works | 322,566 | 80,255 | 57,379 | 52,300 | | 234,381 | 746,881 |
| Cemetery | | | | | | 23,172 | 23,172 |
| Capital outlay: | | | | | | | |
| Cemetery | | | | | | | |
| General government | 167,672 | | | | | | 167,672 |
| Public works | | 118,350 | | | | | 118,350 |
| Debt service: | | | | | | | |
| Principal | | | | 35,000 | | | 35,000 |
| Interest and fiscal charges | | | | 5,281 | | | 5,281 |
| **Total expenditures** | 1,562,071 | 198,605 | 57,379 | 92,581 | | 257,553 | 2,168,189 |
| **Excess of revenues over (under) expenditures** | 1,355,490 | 44,002 | 66,374 | 309,612 | 75,599 | 1,552 | 1,852,629 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | |
| Proceeds from sale of capital assets | 47,000 | | | | | | 47,000 |
| Transfers in | 565 | 130,000 | 108,882 | | | | 239,447 |
| Transfers (out) | | (108,882) | | (130,000) | (75,599) | | (314,481) |
| **Total other financing sources (uses)** | 47,565 | 21,118 | 108,882 | (130,000) | (75,599) | | (28,034) |
| **Change in estimate** | (16,755) | | | | | | (16,755) |
| **Net changes in fund balances** | 1,386,300 | 65,120 | 175,256 | 179,612 | | 1,552 | 1,807,840 |
| **FUND BALANCE, JULY 1, 2024** | 879,045 | 373,829 | 268,374 | 530,493 | | 262,545 | 2,314,286 |
| **FUND BALANCE, JUNE 30, 2025** | $ 2,265,345 | $ 438,949 | $ 443,630 | $ 710,105 | | $ 264,097 | $ 4,122,126 |

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, 2025**

| | | |
|---|---|---|
| **Net change in fund balances - governmental funds** | | $ 1,807,840 |
| 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 | $ 286,022 | |
| Depreciation expense | (354,055) | |
| Proceeds on sale of assets | (47,000) | |
| Gain (loss) on sale of assets | 35,464 | |
| | | (79,569) |
| 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 | 12,577 | |
| Change in net pension obligation | (10,010) | |
| Change in net OPEB obligation | 7,070 | |
| | | 9,637 |
| **Change in net position of governmental activities** | | $ 1,772,908 |

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, 2025**

| | | |
|---|---|---|
| **Net change in fund balances - governmental funds** | $ | 18,263 |
| 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 | | (25,360) |
| 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 | | (1,216) |
| **Change in net position of component unit activities** | $ | (8,313) |

The notes are an integral part of the financial statements.

**VILLAGE OF PINCKNEY**

**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**JUNE 30, 2025**

| | Sewage Disposal System Fund | Village Water Fund | Totals |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | $ 1,414,362 | $ 1,243,869 | $ 2,658,231 |
| Investments | 321,789 | 289,055 | 610,844 |
| Accounts receivable | 371,448 | 154,740 | 526,188 |
| Prepaid expenses | 5,033 | 2,707 | 7,740 |
| Inventory | | 51,748 | 51,748 |
| **Total current assets** | 2,112,632 | 1,742,119 | 3,854,751 |
| **NONCURRENT ASSETS** | | | |
| Restricted cash and cash equivalents | 172,129 | | 172,129 |
| Restricted special assessment receivable | 1,755 | | 1,755 |
| Capital assets not being depreciated | 134,216 | | 134,216 |
| Capital assets being depreciated | 6,163,226 | 2,726,646 | 8,889,872 |
| **Total noncurrent assets** | 6,471,326 | 2,726,646 | 9,197,972 |
| **Total assets** | 8,583,958 | 4,468,765 | 13,052,723 |
| **DEFERRED OUTFLOW OF RESOURCES** | | | |
| Deferred charge on pension liability | 24,688 | 26,364 | 51,052 |
| **Total assets and deferred outflow** | 8,608,646 | 4,495,129 | 13,103,775 |
| **CURRENT LIABILITIES** | | | |
| Accounts payable and accrued expenses | 37,364 | 17,349 | 54,713 |
| Bonds payable - current portion | 81,000 | | 81,000 |
| **Total current liabilities** | 118,364 | 17,349 | 135,713 |
| **LONG-TERM OBLIGATIONS** | | | |
| Net pension liability | 140,590 | 150,139 | 290,729 |
| Bonds payable | 3,057,011 | | 3,057,011 |
| **Total long-term obligations** | 3,197,601 | 150,139 | 3,347,740 |
| **Total liabilities** | 3,315,965 | 167,488 | 3,483,453 |
| **NET POSITION** | | | |
| Invested in capital assets, net of related debt | 3,159,431 | 2,726,646 | 5,886,077 |
| Restricted: | | | |
| USDA Revenue Bond, Series 2018 Bond and Interest Redemption Reserve | 81,902 | | 81,902 |
| USDA Revenue Bond, Series 2020 Bond and Interest Redemption Reserve | 1,788 | | 1,788 |
| USDA Revenue Bond, Series 2018 Repair, Replacement, Improvement Reserve | 88,439 | | 88,439 |
| Special assessments | 1,755 | | 1,755 |
| Unrestricted | 1,959,366 | 1,600,995 | 3,560,361 |
| **Total net position** | $ 5,292,681 | $ 4,327,641 | $ 9,620,322 |

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, 2025**

| | Sewage Disposal System Fund | Village Water Fund | Totals |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 740,594 | $ 344,046 | $ 1,084,640 |
| **OPERATING EXPENSES** | 698,087 | 479,601 | 1,177,688 |
| **Operating income (loss)** | 42,507 | (135,555) | (93,048) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | |
| Interest income | 64,113 | 56,795 | 120,908 |
| Interest (expense) | (71,835) | | (71,835) |
| Gain on disposal of asset | 6,000 | | 6,000 |
| Other income | 18,256 | 14,349 | 32,605 |
| **Total non-operating revenues** | 16,534 | 71,144 | 87,678 |
| **TRANSFERS IN (OUT)** | (896) | 75,930 | 75,034 |
| **Change in net position** | 58,145 | 11,519 | 69,664 |
| **NET POSITION JULY 1, 2024** | 5,234,536 | 4,316,122 | 9,550,658 |
| **NET POSITION JUNE 30, 2025** | $ 5,292,681 | $ 4,327,641 | $ 9,620,322 |

The notes are an integral part of the financial statements.

**VILLAGE OF PINCKNEY**

**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**JUNE 30, 2025**

| | Sewage Disposal System Fund | Village Water Fund | Totals |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash receipts from customers | $ 718,796 | $ 332,503 | $ 1,051,299 |
| Cash payments to employees for services | (93,970) | (80,693) | (174,663) |
| Cash payments to suppliers of goods and services | (350,471) | (195,970) | (546,441) |
| **Net cash provided by operating activities** | 274,355 | 55,840 | 330,195 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Investment activity | (39,310) | 15,035 | (24,275) |
| Purchase of fixed assets | (19,609) | (75,599) | (95,208) |
| Special assessments collected | (1,755) | | (1,755) |
| Principal and interest paid on capital debt | (151,835) | | (151,835) |
| Other (expense) income | 18,256 | 14,349 | 32,605 |
| **Net cash (used in) capital and related financing activities** | (194,253) | (46,215) | (240,468) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest on cash and cash equivalents | 46,722 | 50,477 | 97,199 |
| **Net increase in cash and cash equivalents** | 126,824 | 60,102 | 186,926 |
| **CASH AND CASH EQUIVALENTS AT JULY 1, 2024** | 1,459,667 | 1,183,767 | 2,643,434 |
| **CASH AND CASH EQUIVALENTS AT JUNE 30, 2025** | $ 1,586,491 | $ 1,243,869 | $ 2,830,360 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES** | | | |
| Operating income (loss) | $ 42,507 | $ (135,555) | $ (93,048) |
| Adjustments to reconcile operating income to net cash from (used in) operating activities | | | |
| Depreciation | 293,369 | 182,177 | 475,546 |
| Gain on disposal | (6,000) | | (6,000) |
| Pension | (2,250) | 26,801 | 24,551 |
| Changes in assets and liabilities | | | |
| (Increase) decrease in accounts receivable | (21,798) | (11,543) | (33,341) |
| (Increase) decrease in prepaid expenses | (444) | (175) | (619) |
| (Increase) decrease in inventory | | (2,434) | (2,434) |
| (Decrease) increase in accounts payable | (31,029) | (821) | (31,850) |
| (Decrease) increase in due to other funds | | | |
| (Decrease) increase in accrued expense | | (2,610) | (2,610) |
| **Total adjustments** | 231,848 | 191,395 | 423,243 |
| **Net cash from operating activities** | $ 274,355 | $ 55,840 | $ 330,195 |

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, 2025 the Village has accrued $38,519 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, 2024 taxable valuation of the Village totaled $103,078,836.

The Village levies the following millages:

| | |
|---|---|
| General Village | 8.0587 |
| General Highway | 3.9963 |
| Total millage | 12.0550 |

*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 was a lessor for a cell tower lease. The Village recognized 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.

In fiscal year 2025, the Village accepted a buyout offer from American Tower, and sold the cell tower for approximately $1,550,000. At that time, the Village reduced the balance of the lease receivable and deferred inflow of resources to zero, resulting in other income of $13,119.

The following table presents the balance of certain information related to the operating leases as of and for the year ended June 30, 2025:

| | |
|---|---|
| Cash received by Village | $ 66,154 |
| Rental Income | (57,378) |
| Interest Income | (1,218) |
| Change in estimate | 16,755 |

**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.

**NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued**

As of June 30, 2025 deposits and investments consist of the following:

**CASH AND INVESTMENTS - PRIMARY GOVERNMENT AND COMPONENT UNIT**

| **Deposits** | **Total** | **Cash** | **Investments** |
|---|---|---|---|
| Checking accounts | $ 2,226,430 | $ 2,226,430 | $ |
| Money market and savings account | 1,213,170 | 1,213,170 | |
| Non-negotiable certificates of deposit | 1,062,783 | | 1,062,783 |
| Total deposits | 4,502,383 | 3,439,600 | 1,062,783 |
| **Investments** | | | |
| External investment fund | 3,413,500 | | 3,413,500 |
| Total deposits and investments | $ 7,915,883 | $ 3,439,600 | $ 4,476,283 |

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

| | **Primary Government** | **Component Unit** |
|---|---|---|
| Statement of Net Position | | |
| Cash and investments | $ 7,340,389 | $ 398,776 |
| Restricted Cash | 172,129 | |
| **Total cash and investments** | $ 7,512,518 | $ 398,776 |

The differences between the carrying amount of cash and the balances per the financial institutions as of June 30, 2025 stem from outstanding checks, petty cash and accrued interest.

**NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued**

**Custodial Credit Risk**

**Deposits**

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, 2025 deposits in banks totaled $4,502,383 which was exposed to custodial credit risk as follows:

| | |
|---|---|
| Insured by FDIC | $ 2,271,291 |
| Uninsured and uncollateralized | 2,231,092 |
| | $ 4,502,383 |

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

**Investments**

This is the risk that in the event of the failure of a counterparty to a transaction, the Village will not be able to recover the value of the investments. The Village does not have a policy to cover custodial credit risk of investments.

As of June 30, 2025, the Village investment of $3,413,500 in the MI Class external investment fund was not exposed to custodial credit 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.

**Concentration of Credit Risk**

Concentration of credit risk is the risk attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy requires diversification with the primary focus on safety. However, the policy does not place a fixed percentage limit for any one issuer.

Investments in external investment pools are not subject to the concentration of credit risk.

**NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued**

The following investments and deposits exceed 5% of total portfolio assets available for investment:

| Investment Type | Issuer | Portfolio |
|---|---|---|
| Non-negotiable Certificate of Deposit | Comerica Bank | 6% |
| Non-negotiable Certificate of Deposit | CIBC Bank | 6% |
| Non-negotiable Certificate of Deposit | Flagstar Bank | 6% |

**Interest Rate Risk**

Interest rate risk is the risk that the changes in market will adversely affect the fair values of investments and cash deposits. The Village's investment policy requires this risk be minimized by investing primarily in short-term deposits and investments thus avoiding the need to sell prior to maturity.

As of June 30, 2025, the Village had the following investments subject to interest rate risk:

| Investment Type | Fair Value | Maturity < 1 year |
|---|---|---|
| Non-negotiable Certificate of Deposit | $ 1,062,783 | $ 1,062,783 |

The Village's investment in the MI Class investment pool meets the definition of a 2a7-like pool and is therefore not subject to disclosures of interest rate risk.

**Credit Risk**

Credit risk is the risk that an issuer to an investment will not fulfill its obligations. The Village investment policy limits investments to those authorized by Public Act 20 of 1943.

As of June 30, 2025, the Village's investments were exposed to credit risk as follows:

| Investment Type | S&P Rating | Amount |
|---|---|---|
| Non-negotiable Certificate of Deposit | Unrated | $ 1,062,783 |
| External Investment Pool - MI Class | AAAm | 3,413,500 |
| | | $ 4,476,283 |

## NOTE 3 - FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities to be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritized the inputs and valuation techniques used to measure fair value.

The standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the standards require the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs for which there is little or no market data, which requires the use of the reporting entity's own assumptions.

Level 1 – Fair Value Measurements
The fair value of non negotiable certificates of deposits is based on readily available quoted prices for identical assets.

The Village investments are reported at fair value in the accompanying balance sheets. The following table presents fair value measurement information for certain financial instruments. The carrying value of receivables, cash and cash equivalents, and the current liabilities included in the accompanying balance sheets approximated fair value at June 30, 2025 and are thus not included in the following table.

The following is a summary of the inputs used to value each investment as of June 30, 2025:

| | Fair Value Measurements | | | |
|---|---|---|---|---|
| **Investments by fair value level** | **Level 1** | **Level 2** | **Level 3** | **6/30/2025** |
| Non-negotiable certificates of deposit | $1,062,783 | | | $1,062,783 |
| **Investments measured by NAV** | | | | |
| Michigan CLASS investment pool | | | | 3,413,500 |
| **Total Investment** | $1,062,783 | $ | $ | $4,476,283 |

***Investments in Entities that Calculate Net Asset Value per Share***
The Village holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

**NOTE 3 - FAIR VALUE MEASUREMENTS - continued**

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

**Investments Held at June 30, 2025**

| | Fair Value | Unfunded Commitments | Redemption Frequency, if Eligible | Redemption Notice Period |
|---|---|---|---|---|
| MI CLASS | $ 3,413,500 | $ | None | None |

**NOTE 4 - 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, 2025 were:

| Fund Receiving Resources | Fund Providing Resources | Amount | Purpose |
|---|---|---|---|
| ARPA Fund | General Fund | $ 79,347 | Pay grant expenditures |

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

**NOTE 5 - 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, 2025 were as follows:

| Fund Receiving Resources | Fund Providing Resources | Amount | Purpose |
|---|---|---|---|
| General Fund | Sewage Disposal System Fund | $ 565 | Reimburse funds |
| Village Water Fund | Sewage Disposal System Fund | $ 331 | Reimburse funds |
| Local Street Fund | Major Street Fund | $ 108,882 | Project completion |
| Major Street Fund | General Highway Fund | $ 130,000 | Project completion |
| Village Water Fund | ARPA Fund | $ 75,599 | Pay grant expenditures |

## NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

### PRIMARY GOVERNMENT

| Governmental activities | Balance July 1, 2024 | Additions | Deletions | Reclassification | Balance June 30, 2025 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 67,130 | | $ | $ | $ 67,130 |
| Construction in progress | 33,079 | | | (33,079) | |
| Subtotal | 100,209 | | | (33,079) | 67,130 |
| Other capital assets: | | | | | |
| Buildings and improvements | 728,180 | 3,675 | | 33,079 | 764,934 |
| Machinery and equipment | 1,196,049 | 163,997 | (107,213) | | 1,252,833 |
| Road infrastructure | 3,612,374 | 118,350 | | | 3,730,724 |
| Subtotal | 5,536,603 | 286,022 | (107,213) | 33,079 | 5,748,491 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (274,003) | (41,054) | | | (315,057) |
| Machinery and equipment | (669,185) | (126,465) | 95,677 | | (699,973) |
| Road infrastructure | (2,153,559) | (186,536) | | | (2,340,095) |
| Subtotal | (3,096,747) | (354,055) | 95,677 | | (3,355,125) |
| Other capital assets, net | 2,439,856 | (68,033) | (11,536) | 33,079 | 2,393,366 |
| Net capital assets | $ 2,540,065 | $ (68,033) | $ (11,536) | $ | 2,460,496 |
| Related long-term debt outstanding at June 30, 2025: | | | | | (185,000) |
| Governmental capital assets, net of related debt: | | | | | $ 2,275,496 |

Depreciation expense was charged to the following governmental activities:

| | Depreciation |
|---|---|
| General government | $ 25,286 |
| Recreation and culture | 240,185 |
| Public works | 86,613 |
| Public safety | 1,971 |
| Total depreciation expense | $ 354,055 |

## NOTE 6 - CAPITAL ASSETS - continued

### PRIMARY GOVERNMENT - continued

| Business-type activities | Balance July 1, 2024 | Additions | Deletions | Reclassification | Balance June 30, 2025 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 134,216 | $ | $ | $ | $ 134,216 |
| Other capital assets: | | | | | |
| Buildings | 291,570 | | | | 291,570 |
| Vehicles | 58,091 | | | | 58,091 |
| Equipment | 743,550 | 19,609 | (16,557) | | 746,602 |
| Sewer infrastructure | 10,991,435 | | | | 10,991,435 |
| Water infrastructure | 5,987,110 | 75,599 | | | 6,062,709 |
| Subtotal | 18,071,756 | 95,208 | (16,557) | | 18,150,407 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (85,546) | (7,477) | | | (93,023) |
| Vehicles | (58,091) | | | | (58,091) |
| Equipment | (525,936) | (42,293) | 16,557 | | (551,672) |
| Sewer infrastructure | (4,722,351) | (266,868) | | | (4,989,219) |
| Water infrastructure | (3,409,622) | (158,908) | | | (3,568,530) |
| Subtotal | (8,801,546) | (475,546) | 16,557 | | (9,260,535) |
| Other capital assets, net | 9,270,210 | (380,338) | | | 8,889,872 |
| Net capital assets | $ 9,404,426 | $ (380,338) | $ | $ | 9,024,088 |
| Related long-term debt outstanding at June 30, 2025: | | | | | (3,138,011) |
| Business-type capital assets, net of related debt | | | | | $ 5,886,077 |

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

| | Depreciation |
|---|---|
| Sewer service | $ 293,369 |
| Water service | 182,177 |
| Total depreciation expense | $ 475,546 |

## NOTE 6 - CAPITAL ASSETS - continued

### COMPONENT UNIT

| Downtown Development Authority | Balance July 1, 2024 | Additions | Deletions | Balance June 30, 2025 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 96,665 | $ | $ | $ 96,665 |
| Other capital assets: | | | | |
| Infrastructure | 623,671 | | | 623,671 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (339,556) | (25,360) | | (364,916) |
| Other capital assets, net | 284,115 | (25,360) | | 258,755 |
| Net capital assets | $ 380,780 | $ (25,360) | $ | $ 355,420 |

Depreciation expense was charged to the following component unit activity:

| | |
|---|---|
| Recreation and culture | $ 25,360 |

## NOTE 7 - 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, 2025:

| Primary Government | Balance July 1, 2024 | Additions | Deletions | Balance June 30, 2025 | Amount Due in One Year |
|---|---|---|---|---|---|
| **Government Activities** | | | | | |
| 2010 General Obligation Bonds | $ 220,000 | $ | $ 35,000 | $ 185,000 | $ 35,000 |
| Compensated absences | 41,080 | | 12,577 | 28,503 | 1,662 |
| **Total government activities** | 261,080 | | 47,577 | 213,503 | 36,662 |
| **Business-type Activities** | | | | | |
| 2013 General Obligation Capital Improvement Bonds | 202,010 | | 20,000 | 182,010 | 20,000 |
| 2020 Sanitary Sewer Bonds | 473,000 | | 9,000 | 464,000 | 9,000 |
| 2018 Rural Development Revenue Bonds | 2,543,001 | | 51,000 | 2,492,001 | 52,000 |
| Compensated absences | 12,438 | | 2,422 | 10,016 | |
| **Total business-type activities** | 3,230,449 | - | 82,422 | 3,148,027 | 81,000 |
| **Total Primary Government** | $ 3,491,529 | $ | $ 129,999 | $ 3,361,530 | $ 117,662 |

The Village's long-term obligations as of June 30, 2025, 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, 2025:

| | |
|---|---|
| **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. | $ 185,000 |
| **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. | 182,010 |
| Total general obligation bonds | $ 367,010 |

**NOTE 7 - LONG-TERM OBLIGATIONS - continued**

As of June 30, 2025 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 |
| 2026 | $ 35,000 | $ 4,625 | $ 81,000 | $ 73,324 |
| 2027 | 35,000 | 3,750 | 82,000 | 71,489 |
| 2028 | 35,000 | 2,875 | 84,000 | 69,656 |
| 2029 | 80,000 | 3,000 | 85,000 | 67,965 |
| 2030 | | | 87,000 | 63,951 |
| 2031-2035 | | | 439,010 | 289,757 |
| 2036-2040 | | | 400,000 | 242,443 |
| 2041-2045 | | | 449,000 | 192,776 |
| 2046-2050 | | | 504,000 | 137,122 |
| 2051-2055 | | | 564,000 | 74,770 |
| 2056-2060 | | | 347,000 | 14,403 |
| 2060-2061 | | | 16,001 | 152 |
| | $ 185,000 | $ 14,250 | $ 3,138,011 | $ 1,297,808 |

**Rural Development Bonds**

The Village has the following revenue development bond outstanding as of June 30, 2024:

**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. $ 2,492,001

**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. $ 464,000

**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 $38,519 and have been recorded in the government-wide financial statements at June 30, 2025.

## NOTE 8- 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, 2024 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 | 10 | 0 | 0 |
| Active employees | 6 | 0 | 6 |
| **Total** | 24 | 1 | 6 |

***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, 2025 the rate was 23.16% and the fixed amount was $425 and $0 per month for the period July 1, 2023 through February 28, 2024, and a fixed amount of $11,280 and $466 per month a rate of 8.54% per month is effective for the period March 1, 2024 through June 30, 2025.

**NOTE 8 - 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, 2024.

***Actuarial assumptions***

The total pension liability in the December 31, 2024 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: 6.93%, 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 Annuity 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 2020.

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 | 4.66% | = | 0.93% |
| Private Investments | 20.00% | x | 9.00% | = | 1.80% |
| **Total** | | | | | 6.93% |

**NOTE 8 - DEFINED BENEFIT PENSION PLAN - continued**

**Discount Rate**

The discount rate used to measure the total pension liability is 7.18% for 2024. 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 12/31/2023** | $ 4,851,277 | $ 3,592,675 | $ 1,258,602 |
| **Changes for the year** | | | |
| Service cost | 123,317 | | 123,317 |
| Interest on total pension liability | 342,934 | | 342,934 |
| Changes in benefits | | | |
| Difference between expected and actual experience | (28,855) | | (28,855) |
| Changes in assumptions | (6,265) | | (6,265) |
| Employer contributions | | 174,541 | (174,541) |
| Employee contributions | | 45,073 | (45,073) |
| Net investment income | | 267,430 | (267,430) |
| Benefit payments, including employee refunds | (273,394) | (273,394) | |
| Administrative expense | | (7,966) | 7,966 |
| Other changes | 2 | | 2 |
| **Net changes** | 157,739 | 205,684 | (47,945) |
| **Balances as of 12/31/2024** | $ 5,009,016 | $ 3,798,359 | $ 1,210,657 |

**NOTE 8 - 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 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate.

| | 1% Decrease 6.18% | Current Discount Rate 7.18% | 1% Increase 8.18% |
|---|---|---|---|
| Net Pension Liability at 12/31/2024 | $ 1,210,657 | $ 1,210,657 | $ 1,210,657 |
| Change in Net Pension Liability (NPL) from change in discount rate | 586,524 | | (490,731) |
| Calculated NPL | $ 1,797,181 | $ 1,210,657 | $ 719,926 |

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, 2025, the Village recognized pension expense of $224,272. 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 | $ | $ (15,705) | $ (15,705) |
| Differences in assumptions | 9,171 | | 9,171 |
| Excess (Deficit) of Investment Returns | 129,955 | | 129,955 |
| **Total to be amortized as pension expense** | 139,126 | (15,705) | 123,421 |
| Contributions subsequent to the measurement date | 89,175 | | 89,175 |
| **Total deferred outflows (inflows)** | $ 228,301 | $ (15,705) | $ 212,596 |

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, 2025.

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 |
|---|---|
| 2026 | $ 50,961 |
| 2027 | 102,682 |
| 2028 | (27,892) |
| 2029 | (2,330) |
| **Total** | $ 123,421 |

## NOTE 9 - 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, 2025, consisted of the following:

| Metrics | Active Employees | Retirees and Spouses |
|---|---|---|
| Covered participants | 2 | |
| Average age | 54.8 | |
| Average service age | 22.0 | |
| 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, 2025, 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 9 - POST EMPLOYMENT BENEFITS - continued

### Assumptions and Methods

The Village's OPEB liability was measured as of June 30, 2025.

### Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025 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** | 2.50% |
| **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.<br>*Current retirees* : Based on current coverage election. It is assumed that no one will opt in or 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 9 - 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 | $ 7,225 | $ 453 | $ 51 | $ 7,729 |
| 51 | 7,545 | 461 | 51 | 8,057 |
| 52 | 7,897 | 470 | 52 | 8,419 |
| 53 | 8,253 | 479 | 52 | 8,784 |
| 54 | 8,637 | 488 | 52 | 9,177 |
| 55 | 9,022 | 497 | 53 | 9,572 |
| 56 | 9,438 | 506 | 53 | 9,997 |
| 57 | 9,859 | 516 | 53 | 10,428 |
| 58 | 10,308 | 526 | 53 | 10,887 |
| 59 | 10,531 | 536 | 53 | 11,120 |
| 60 | 10,980 | 546 | 52 | 11,578 |
| 61 | 11,368 | 556 | 52 | 11,976 |
| 62 | 11,623 | 567 | 52 | 12,242 |
| 63 | 11,943 | 578 | 51 | 12,572 |
| 64 | 12,137 | 588 | 51 | 12,776 |

**NOTE 9 - 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* | 4.21% |
| 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% | 3.55% | 3.63% |
| Global Fixed Income | 20.00% | 2.50% | 1.71% | 0.84% |
| Private Investments | 20.00% | 2.50% | 5.13% | 1.53% |
| **Total** | 100.00% | 7.50% | 10.39% | 6.00% |

**NOTE 9 - 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, 2024** | $ 57,953 | $ 147,300 | $ (89,347) |
| **Changes during the year** | | | |
| Service cost | 1,477 | | 1,477 |
| Interest | 3,566 | | 3,566 |
| Differences between expected and actual experience | | 5,518 | (5,518) |
| Change in actuarial assumptions | 3,413 | | 3,413 |
| Change in benefits | | | |
| Contributions to OPEB trust | | | |
| Net investment income | | 8,828 | (8,828) |
| Benefit payments, including refunds of contributions | | | |
| Administrative expenses | | (322) | 322 |
| Other changes | | | |
| **Total changes** | 8,456 | 14,024 | (5,568) |
| **Balance at June 30, 2025** | $ 66,409 | $ 161,324 | $ (94,915) |

**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 | $ (94,915) | $ (94,915) | $ (94,915) |
| Change in Net OPEB Liability from change in trend | (4,408) | | 4,689 |
| Adjusted Net OPEB Liability | $ (99,323) | $ (94,915) | $ (90,226) |

| Discount | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| Net OPEB Liability | $ (94,915) | $ (94,915) | $ (94,915) |
| Change in Net OPEB Liability from change in trend | 3,342 | | (3,250) |
| Adjusted Net OPEB Liability | $ (91,573) | $ (94,915) | $ (98,165) |

**NOTE 9 - POST EMPLOYMENT BENEFITS - continued**

**OPEB Expense**

Components of the Village's OPEB expense, under GASB 75 standards, for the fiscal year ended June 30, 2025 are:

| | Fiscal Year Ending June 30, 2025 |
|---|---|
| Service cost | $ 1,477 |
| Interest on total OPEB liability | 3,566 |
| Recognition of deferred outflows (inflows) related to: | |
| Projected and actual investment earnings | (3,576) |
| Differences between expected and actual experience | (14,118) |
| Changes in assumptions | (4,246) |
| Projected earnings on OPEB plan investments | (8,828) |
| Administrative expenses | 322 |
| **Total OPEB expense** | $ (25,403) |

Deferred outflows and inflows of resources related to OPEB:

| | Deferred Outflow of Resources | Deferred Inflow of Resources | Total |
|---|---|---|---|
| Differences in experience | $ | $ (4,585) | $ (4,585) |
| Differences between projected and actual income | 965 | (25,689) | (24,724) |
| Differences in assumptions | 3,579 | (9,184) | (5,605) |
| **Total deferred outflows (inflows)** | $ 4,544 | $ (39,458) | $ (34,914) |

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, | |
|---|---|
| 2025 | $ (16,625) |
| 2026 | (16,283) |
| 2027 | (1,816) |
| 2028 | (703) |
| 2029 | 399 |
| Thereafter | 114 |
| **Total** | $ (34,914) |

## NOTE 10 - 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 11 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Sewage Disposal System Fund as of June 30, 2025 consisted of the following:

| | Sewage Disposal System Fund | Total Restricted Assets |
|---|---|---|
| Cash and cash equivalents | $ 172,129 | $ 172,129 |
| Special assessment receivables | 1,755 | 1,755 |
| **Total** | $ 173,884 | $ 173,884 |

## NOTE 12 - 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 2025, 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 $16,755.

## NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 8, 2025, which is the date the financial statements were available to be issued.

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

## NOTE 14 - RECENTLY ADOPTED GASB PRONOUNCEMENTS

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.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact.

The Village implemented these Standards for the year ended June 30, 2025. The adoption did not have a significant impact on the Village's financial statements for the year ended June 30, 2025.

## NOTE 15 - UPCOMING GASB PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement established new accounting and financial reporting requirements – or modified existing requirements – related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses and changes in fund position, information about major components and budgetary comparison information. The Village is currently evaluating the impact this standard will have on the financial statements when it is adopted during the year ending June 30, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Leased assets recognized in accordance with Statement No. 87*, Lease*s, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of the underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, the Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosure for capital assets held for sale. The Village is currently evaluating the impact this Statement will have on the financial statements when it is adopted during the year ending June 30, 2026.

**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, 2025

| | Budget Amount | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| **REVENUES** | | | | |
| Property taxes | $ 708,220 | $ 708,220 | $ 737,426 | $ 29,206 |
| State revenues | 273,677 | 273,677 | 272,590 | (1,087) |
| Charges to other governments and funds | 161,250 | 161,250 | 171,108 | 9,858 |
| Grants | 500 | 6,500 | 6,839 | 339 |
| Rents | 120,000 | 57,378 | 57,378 | |
| Licenses, fines and permits | 116,000 | 129,850 | 52,438 | (77,412) |
| Interest | 18,500 | 18,500 | 44,714 | 26,214 |
| Reimbursements | 600 | 600 | 4,156 | 3,556 |
| Sale of tower | | 1,551,413 | 1,551,413 | |
| Miscellaneous income | 2,800 | 14,932 | 19,499 | 4,567 |
| **Total revenues** | 1,401,547 | 2,922,320 | 2,917,561 | (4,759) |
| **EXPENDITURES** | | | | |
| Village council | 12,498 | 14,498 | 16,483 | (1,985) |
| President | 16,007 | 21,007 | 39,574 | (18,567) |
| Clerk | 59,957 | 66,464 | 74,066 | (7,602) |
| Auditors | 5,900 | 7,890 | 7,890 | |
| Secretary | 45,250 | 45,250 | 37,964 | 7,286 |
| Treasurer | 81,110 | 82,579 | 74,331 | 8,248 |
| Buildings and grounds | 40,763 | 40,763 | 20,489 | 20,274 |
| Legal | 30,000 | 30,000 | 24,862 | 5,138 |
| Elections | 5,070 | 5,070 | 3,084 | 1,986 |
| Office overhead | 73,377 | 75,877 | 100,541 | (24,664) |
| Police | 667,528 | 699,198 | 664,241 | 34,957 |
| Public works | 269,032 | 271,032 | 303,331 | (32,299) |
| Street lights | 17,250 | 17,250 | 19,235 | (1,985) |
| Capital outlay | 228,000 | 228,000 | 109,848 | 118,152 |
| Planning commission | 104,610 | 104,610 | 28,784 | 75,826 |
| Zoning department | 54,191 | 54,191 | 29,975 | 24,216 |
| Economic development | 2,500 | 2,500 | | 2,500 |
| Parks and recreation | 20,980 | 20,980 | 7,373 | 13,607 |
| **Total expenditures** | 1,734,023 | 1,787,159 | 1,562,071 | 225,088 |
| **Excess of revenues over (under) expenditures** | (332,476) | 1,135,161 | 1,355,490 | 220,329 |
| **OTHER FINANCING SOURCES** | | | | |
| Sale of asset | | 25,000 | 47,000 | 22,000 |
| Transfers in | 500 | 500 | 565 | 65 |
| **Total other financing sources** | 500 | 25,500 | 47,565 | 22,065 |
| **Change in estimate** | | (16,755) | (16,755) | |
| **Net change in fund balance** | (331,976) | 1,143,906 | 1,386,300 | 242,394 |
| **FUND BALANCE, JULY 1, 2024** | 879,045 | 879,045 | 879,045 | |
| **FUND BALANCE, JUNE 30, 2025** | $ 547,069 | $ 2,022,951 | $ 2,265,345 | $ 242,394 |

**VILLAGE OF PINCKNEY**

**MAJOR STREET FUND**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budget Amount | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| **REVENUES** | | | | |
| Intergovernmental | $ | $ | $ 224,113 | $ |
| Interest | | | 16,057 | |
| Reimbursement | | | 2,437 | |
| **Total revenues** | 229,764 | 229,764 | 242,607 | 12,843 |
| **EXPENDITURES** | | | | |
| Labor | | | 9,798 | |
| Contracted services | | | 38,792 | |
| Repairs and maintenance | | | 6,022 | |
| Capital outlay | | | 117,078 | |
| Charges from other funds | | | 25,679 | |
| Other | | | 1,236 | |
| **Total expenditures** | 168,600 | 221,950 | 198,605 | 23,345 |
| **Excess of revenues over (under) expenditures** | 61,164 | 7,814 | 44,002 | 36,188 |
| **OTHER FINANCING (USES)** | | | | |
| Transfers (out) | (108,882) | (108,882) | (108,882) | |
| Transfers in | 65,000 | 130,000 | 130,000 | |
| **Total other financing sources** | (43,882) | 21,118 | 21,118 | |
| **Net change in fund balance** | 17,282 | 28,932 | 65,120 | 36,188 |
| **FUND BALANCE, JULY 1, 2024** | 373,829 | 373,829 | 373,829 | |
| **FUND BALANCE, JUNE 30, 2025** | $ 391,111 | $ 402,761 | $ 438,949 | $ 36,188 |

**VILLAGE OF PINCKNEY**

**LOCAL STREET FUND**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budget Amount | | | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **REVENUES** | | | | |
| Intergovernmental | $ | $ | $ 95,788 | $ |
| Interest | | | 6,390 | |
| Reimbursements | | | 21,575 | |
| **Total revenues** | 99,541 | 99,541 | 123,753 | 24,212 |
| **EXPENDITURES** | | | | |
| Labor | | | 16,054 | |
| Contracted services | | | 648 | |
| Repairs and maintenance | | | 16,194 | |
| Charges from other funds | | | 23,204 | |
| Other | | | 1,279 | |
| **Total expenditures** | 132,086 | 132,086 | 57,379 | 74,707 |
| **Excess of revenues over (under) expenditures** | (32,545) | (32,545) | 66,374 | 98,919 |
| **OTHER FINANCING SOURCES** | | | | |
| Transfers in | 108,882 | 108,882 | 108,882 | |
| **Net change in fund balance** | 76,337 | 76,337 | 175,256 | 98,919 |
| **FUND BALANCE, JULY 1, 2024** | 268,374 | 268,374 | 268,374 | |
| **FUND BALANCE, JUNE 30, 2025** | $ 344,711 | $ 344,711 | $ 443,630 | $ 98,919 |

**VILLAGE OF PINCKNEY**

**GENERAL HIGHWAY FUND**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budget Amount | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| **REVENUES** | | | | |
| Property taxes | $ | $ | 365,014 | $ |
| PPT reimbursement | | | 2,323 | |
| Licenses, fines and permits | | | 3,100 | |
| Interest | | | 21,354 | |
| Right of way fees | | | 10,402 | |
| **Total revenues** | 375,380 | 375,380 | 402,193 | 26,813 |
| **EXPENDITURES** | | | | |
| Other | | | 52,300 | |
| Debt service - principal | | | 35,000 | |
| Debt service - interest | | | 5,281 | |
| **Total expenditures** | 88,281 | 88,281 | 92,581 | (4,300) |
| **Excess of revenues over (under) expenditures** | 287,099 | 287,099 | 309,612 | 22,513 |
| **OTHER FINANCING SOURCES** | | | | |
| Transfer (out) | (65,000) | (130,000) | (130,000) | |
| **Net change in fund balance** | 222,099 | 157,099 | 179,612 | 22,513 |
| **FUND BALANCE, JULY 1, 2024** | 530,493 | 530,493 | 530,493 | |
| **FUND BALANCE, JUNE 30, 2025** | $ 752,592 | $ 687,592 | $ 710,105 | $ 22,513 |

**VILLAGE OF PINCKNEY**
**ARPA FUND**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budgets | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| **REVENUES** | | | | |
| Grant revenue | | $ 90,599 | $ 75,599 | $ (15,000) |
| **EXPENDITURES** | | | | |
| Capital outlay | | 90,599 | | 90,599 |
| **Excess of revenues over expenses** | | | 75,599 | $ (75,599) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers (out) | | | (75,599) | $ 75,599 |
| **Net change in fund balance** | | | | |
| **FUND BALANCE, JULY 1, 2024** | | | | |
| **FUND BALANCE, JUNE 30, 2025** | $ | $ | $ | $ |

## VILLAGE OF PINCKNEY

## DEFINED BENEFIT PENSION PLAN
## SCHEDULE OF EMPLOYER CONTRIBUTIONS
## FOR THE YEAR ENDED JUNE 30, 2025

| | For the plan year ended December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarial Determined Contributions | $ 174,541 | $ 151,318 | $ 154,893 | $ 108,851 | $ 129,172 | $ 111,236 | $ 100,399 | $ 77,670 | $ 79,836 | $ 68,440 |
| Contributions in relation to the actuarially determined contribution | 174,541 | 151,318 | 154,893 | 109,381 | 133,367 | 118,502 | 110,949 | 88,011 | 79,836 | 68,440 |
| Contribution deficiency (excess) | $ | $ | $ | $ (530) | $ (4,195) | $ (7,266) | $ (10,550) | $ (10,341) | $ | $ |
| Covered employee payroll | $ 784,539 | $ 729,315 | $ 732,105 | $ 507,808 | $ 671,194 | $ 611,505 | $ 541,600 | $ 567,344 | $ 541,924 | $ 549,265 |
| Contributions as a percentage of covered employee payroll | 22.25% | 20.75% | 21.16% | 21.54% | 19.87% | 19.38% | 20.49% | 15.51% | 14.73% | 12.46% |

**Notes to Schedule**

| | |
|---|---|
| Actuarial cost method | Entry Age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 15 years |
| Asset valuation method | 5 year smoothed |
| Inflation | 2.50% |
| Salary increases | 3.00% |
| Investment rate of return | 6.93% |
| 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 2020.

This schedule is presented to illustrate the requirement to show information for 10 years.

**VILLAGE OF PINCKNEY**

**DEFINED BENEFIT PENSION PLAN**
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | For the plan year ended December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| **TOTAL PENSION LIABILITY** | | | | | | | | | | |
| Service cost | $ 123,317 | $ 113,570 | $ 115,389 | $ 74,292 | $ 96,853 | $ 85,855 | $ 75,337 | $ 82,549 | $ 76,845 | $ 75,304 |
| Interest | 342,934 | 330,090 | 309,598 | 284,453 | 270,518 | 243,647 | 243,948 | 227,771 | 205,333 | 198,745 |
| Changes of benefit terms | | | | | | | | | | |
| Difference between expected and actual experience | (28,855) | (3,837) | 96,205 | 5,994 | 49,811 | 22,103 | (23,278) | 36,896 | 114,412 | (150,782) |
| Changes of assumptions | (6,265) | 36,907 | | 163,365 | 111,430 | 127,104 | | | | 135,877 |
| Benefit payments including employee refunds | (273,394) | (243,258) | (232,002) | (179,752) | (144,857) | (142,073) | (147,380) | (135,407) | (102,527) | (102,024) |
| Other | 2 | (1) | | 13,048 | | 12,824 | | | | |
| **Net change in total pension liability** | 157,739 | 233,471 | 289,190 | 361,400 | 383,755 | 349,460 | 148,627 | 211,809 | 294,063 | 157,120 |
| **TOTAL PENSION LIABILITY BEGINNING** | 4,851,277 | 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 |
| **TOTAL PENSION LIABILITY ENDING** | $ 5,009,016 | $ 4,851,277 | $ 4,617,806 | $ 4,328,616 | $ 3,967,216 | $ 3,583,461 | $ 3,234,001 | $ 3,085,374 | $ 2,873,565 | $ 2,579,502 |
| **PLAN FIDUCIARY NET POSITION** | | | | | | | | | | |
| Contributions-employer | $ 174,541 | $ 151,318 | $ 154,893 | $ 109,381 | $ 133,367 | $ 118,501 | $ 110,949 | $ 88,011 | $ 79,836 | $ 68,440 |
| Contributions-employee | 45,073 | 39,064 | 33,501 | 21,807 | 26,813 | 25,681 | 24,813 | 22,430 | 23,380 | 21,844 |
| Net Investment income | 267,430 | 364,041 | (384,693) | 467,314 | 382,967 | 351,420 | (106,738) | 318,889 | 248,725 | (33,959) |
| Benefit payments including employee refunds | (273,394) | (243,258) | (232,002) | (179,752) | (144,857) | (142,073) | (147,380) | (135,407) | (102,527) | (102,024) |
| Administrative expense | (7,966) | (7,723) | (6,857) | (5,364) | (5,931) | (6,057) | (5,247) | (5,045) | (4,905) | (4,900) |
| **Net Change in Plan Fiduciary Net Position** | 205,684 | 303,442 | (435,158) | 413,386 | 392,359 | 347,472 | (123,603) | 288,878 | 244,509 | (50,599) |
| **PLAN FIDUCIARY NET POSITION BEGINNING** | 3,592,675 | 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 |
| **PLAN FIDUCIARY NET POSITION ENDING** | $ 3,798,359 | $ 3,592,675 | $ 3,289,233 | $ 3,724,391 | $ 3,311,005 | $ 2,918,646 | $ 2,571,174 | $ 2,694,777 | $ 2,405,899 | $ 2,161,390 |
| **EMPLOYER NET PENSION LIABILITY** | $ 1,210,657 | $ 1,258,602 | $ 1,328,573 | $ 604,225 | $ 656,211 | $ 664,815 | $ 662,827 | $ 390,597 | $ 467,666 | $ 418,112 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 75.8% | 74.1% | 71.2% | 86.0% | 83.5% | 81.4% | 79.5% | 87.3% | 83.7% | 83.8% |
| **Covered employee payroll** | $ 784,539 | $ 729,315 | $ 732,105 | $ 507,808 | $ 671,194 | $ 611,505 | $ 541,600 | $ 567,344 | $ 541,924 | $ 549,265 |
| **Employer's net pension liability as a percentage of covered employee payroll** | 154.3% | 172.6% | 181.5% | 119.0% | 97.8% | 108.7% | 122.4% | 68.8% | 86.3% | 76.1% |

This schedule is presented to illustrate the requirement to show information for 10 years.

## VILLAGE OF PINCKNEY

## OTHER POST EMPLOYMENT BENEFIT PLAN
## SCHEDULE OF EMPLOYER CONTRIBUTIONS
## FOR THE YEAR ENDED JUNE 30, 2025

| | For the Plan Year Ended June 30, 2025 | For the Plan Year Ended June 30, 2024 | 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 |
|---|---|---|---|---|---|---|---|
| **Actuarially determined employer contribution** | | | | | | | |
| Service cost with interest to June 30 | $ | $ | $ | $ 1,972 | $ 1,872 | $ 4,188 | $ 4,076 |
| Amortization of unfunded liability with interest to June 30 | | | | 2,679 | 2,679 | 2,679 | 2,679 |
| Actuarially determined employer contribution | | | | 4,651 | 4,551 | 6,867 | 6,755 |
| Employer contribution | | | | | | | 10,000 |
| Contribution deficiency/(excess) | $ | $ | $ | $ 4,651 | $ 4,551 | $ 6,867 | $ (3,245) |
| Covered employee payroll | $ 157,350 | $ 135,373 | $ 136,011 | $ 120,220 | $ 314,336 | $ 305,923 | $ 292,525 |
| Employer contributions as a percentage of covered payroll | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 3.4% |

### Notes to the schedule of contributions:

| | |
|---|---|
| Valuation Date: | June 30, 2025 |
| Actuarial methods: | Cost method: Individual Entry Age Normal (level percentage of compensation). |
| | Amortization period: 15 years |
| | Asset valuation method: Equal to market value of assets. |
| Actuarial assumptions: | Discount rate: 6.0%; rationale: Matches expected return on assets. |
| | Payroll inflation: 2.50%; 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, 2025

| | For the Plan Year Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2025 | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| **TOTAL OPEB LIABILITY** | | | | | | | | |
| Service cost | $ 1,477 | $ 1,500 | $ 1,432 | $ 3,405 | $ 3,500 | $ 4,066 | $ 3,957 | $ 9,867 |
| Interest | 3,566 | 3,388 | 3,054 | 7,804 | 7,386 | 8,121 | 7,435 | 9,812 |
| Differences between expected and actual experience | | 654 | | (82,465) | (2,989) | 2,117 | | (38,600) |
| Changes of assumptions | 3,413 | (2,562) | 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** | 8,456 | 2,980 | 5,504 | (79,776) | 7,897 | (11,969) | 11,392 | (46,120) |
| **TOTAL OPEB LIABILITY - BEGINNING** | 57,953 | 54,973 | 49,469 | 129,245 | 121,348 | 133,317 | 121,925 | 168,045 |
| **TOTAL OPEB LIABILITY - ENDING** | $ 66,409 | $ 57,953 | $ 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 | 8,828 | 8,027 | 7,480 | 8,319 | 6,624 | 6,485 | 8,718 | (431) |
| Differences between projected and actual earnings | 5,518 | 5,559 | 1,819 | (19,456) | 24,439 | (3,961) | | |
| Benefit payments, including refunds of employee contributions | | | | (5,168) | | | | (18,909) |
| Administrative expenses | (322) | (140) | (235) | (248) | (229) | (198) | (201) | (223) |
| **Net change in fiduciary net position** | 14,024 | 13,446 | 9,064 | (16,553) | 30,834 | 2,326 | 18,517 | (9,563) |
| **PLAN FIDUCIARY NET POSITION, BEGINNING** | 147,300 | 133,854 | 124,790 | 141,343 | 110,509 | 108,183 | 89,666 | 99,229 |
| **PLAN FIDUCIARY NET POSITION, ENDING** | $ 161,324 | $ 147,300 | $ 133,854 | $ 124,790 | $ 141,343 | $ 110,509 | $ 108,183 | $ 89,666 |
| **NET OPEB LIABILITY (ASSET)** | | | | | | | | |
| **(TOTAL OPEB LIABILITY - PLAN FIDUCIARY NET POSITION)** | $ (94,915) | $ (89,347) | $ (78,881) | $ (75,321) | $ (12,098) | $ 10,839 | $ 25,134 | $ 32,259 |
| Plan fiduciary net position as a percentage of total OPEB liability | 242.92% | 254.17% | 243.49% | 252.26% | 109.36% | 91.07% | 81.15% | 73.54% |
| Covered employee payroll | $ 157,350 | $ 135,373 | $ 136,011 | $ 120,220 | $ 314,336 | $ 305,923 | $ 292,525 | $284,696 |
| Net OPEB liability (asset) as a percentage of covered employee payroll | -60.32% | -66.00% | -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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
## FOR THE YEAR ENDED JUNE 30, 2025

**Budget Overruns**

The following expenditures exceeded appropriations in the General Fund and General Highway Fund:

| | Final Budget | Actual Expenditures | Variance (Unfavorable) |
|---|---|---|---|
| **General Fund:** | | | |
| Village council | $ 14,498 | $ 16,483 | $ (1,985) |
| President | 21,007 | 39,574 | (18,567) |
| Legal | 66,464 | 74,066 | (7,602) |
| Office overhead | 75,877 | 100,541 | (24,664) |
| Public works | 271,032 | 303,331 | (32,299) |
| Street lights | 17,250 | 19,235 | (1,985) |
| **Total General Fund** | 466,128 | 553,230 | (87,102) |
| **General Highway Fund** | 88,281 | 92,581 | (4,300) |
| **Total** | $ 554,409 | $ 645,811 | $ (91,402) |

**SUPPLEMENTARY INFORMATION**

**COMBINING FINANCIAL STATEMENTS**

**VILLAGE OF PINCNKEY**

**COMBINING BALANCE SHEETS**
**FUNDS INCLUDED IN GASB 54 CONSOLIDATION**
**JUNE 30, 2025**

| | General Fund Pre GASB 54 - Consolidation | Trust and Agency Fund | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 2,325,893 | $ 25,974 | $ 2,351,867 |
| Receivables | | | |
| Intergovernmental | 44,851 | | 44,851 |
| Prepaid expenditures | 42,341 | | 42,341 |
| **Total assets** | $ 2,413,085 | $ 25,974 | $ 2,439,059 |
| **LIABILITIES** | | | |
| Accounts payable and accrued expenses | $ 68,393 | $ 3,016 | $ 71,409 |
| Due to others | | 22,958 | 22,958 |
| Due to other funds | 79,347 | | 79,347 |
| **Total liabilities** | 147,740 | 25,974 | 173,714 |
| **FUND BALANCES** | | | |
| Nonspendable | | | |
| Prepaid items | 42,341 | | 42,341 |
| Assigned | | | |
| Future budget deficit | 478,343 | | 478,343 |
| Unassigned | 1,744,661 | | 1,744,661 |
| **Total fund balances** | 2,265,345 | | 2,265,345 |
| **Total liabilities and fund balances** | $ 2,413,085 | $ 25,974 | $ 2,439,059 |

**VILLAGE OF PINCNKEY**

**COMBINING BALANCE SHEETS**
**NONMAJOR GOVERNMENTAL FUNDS**
**JUNE 30, 2025**

| | Cemetery Fund | Refuse Collection Fund | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ 155,891 | $ 1,002 | $ 156,893 |
| Accounts receivable | | 117,529 | 117,529 |
| Prepaid expenditures | 325 | 85 | 410 |
| **Total assets** | $ 156,216 | $ 118,616 | $ 274,832 |
| **LIABILITIES** | | | |
| Accounts payable and accrued expenditures | $ 265 | $ 10,470 | $ 10,735 |
| **FUND BALANCES** | | | |
| Nonspendable | | | |
| Prepaid items | 325 | 85 | 410 |
| Corpus of permanent fund | 57,292 | | 57,292 |
| Restricted | | | |
| Public safety | | 108,061 | 108,061 |
| Committed | | | |
| Cemetery | 98,334 | | 98,334 |
| **Total fund balances** | 155,951 | 108,146 | 264,097 |
| **Total liabilities and fund balances** | $ 156,216 | $ 118,616 | $ 274,832 |

## 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, 2025

| | General Fund Pre GASB 54 Consolidation | Trust and Agency Fund | Total |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes | $ 737,426 | $ | $ 737,426 |
| State revenues | 272,590 | | 272,590 |
| Charges to other governments and funds | 171,108 | | 171,108 |
| Grants | 6,839 | | 6,839 |
| Rents | 57,378 | | 57,378 |
| Licenses, fines and permits | 32,214 | 20,224 | 52,438 |
| Interest | 44,714 | | 44,714 |
| Reimbursements | 4,156 | | 4,156 |
| Sale of tower | 1,551,413 | | 1,551,413 |
| Other | 19,499 | | 19,499 |
| **Total revenues** | 2,897,337 | 20,224 | 2,917,561 |
| **EXPENDITURES** | | | |
| Village council | 16,483 | | 16,483 |
| President | 39,574 | | 39,574 |
| Clerk | 74,066 | | 74,066 |
| Auditors | 7,890 | | 7,890 |
| Secretary | 37,964 | | 37,964 |
| Treasurer | 74,331 | | 74,331 |
| Buildings and grounds | 20,489 | | 20,489 |
| Legal | 24,862 | | 24,862 |
| Elections | 3,084 | | 3,084 |
| Office overhead | 100,541 | | 100,541 |
| Police | 664,241 | | 664,241 |
| Public works | 303,331 | | 303,331 |
| Street lights | 19,235 | | 19,235 |
| Capital outlay | 109,848 | | 109,848 |
| Planning commission | 8,560 | 20,224 | 28,784 |
| Zoning department | 29,975 | | 29,975 |
| Parks and recreation | 7,373 | | 7,373 |
| **Total expenditures** | 1,541,847 | 20,224 | 1,562,071 |
| **Excess of revenues over (under) expenditures** | 1,355,490 | | 1,355,490 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfer in | 565 | | 565 |
| Sale of fixed asset | 47,000 | | 47,000 |
| **Total other financing sources (uses)** | 47,565 | | 47,565 |
| **Change in estimate** | (16,755) | | (16,755) |
| **Net change in fund balance** | 1,386,300 | | 1,386,300 |
| **FUND BALANCE, JULY 1, 2024** | 879,045 | | 879,045 |
| **FUND BALANCE, JUNE 30, 2025** | $ 2,265,345 | $ | $ 2,265,345 |

**VILLAGE OF PINCKNEY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**NONMAJOR GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Cemetery Fund | Refuse Collection Fund | Total |
|---|---|---|---|
| **REVENUES** | | | |
| Charges for services | $ 12,900 | $ 241,283 | $ 254,183 |
| Interest income | 4,873 | 49 | 4,922 |
| **Total revenues** | 17,773 | 241,332 | 259,105 |
| **EXPENDITURES** | | | |
| Current: | | | |
| Public works | | 234,381 | 234,381 |
| Cemetery | 23,172 | | 23,172 |
| **Total expenditures** | 23,172 | 234,381 | 257,553 |
| **Net change in fund balance** | (5,399) | 6,951 | 1,552 |
| **FUND BALANCE, JULY 1, 2024** | 161,350 | 101,195 | 262,545 |
| **FUND BALANCE, JUNE 30, 2025** | $ 155,951 | $ 108,146 | $ 264,097 |

**FUND FINANCIAL STATEMENTS**
**OF COMPONENT UNIT**

**DOWNTOWN DEVELOPMENT AUTHORITY**
**FUND FINANCIAL STATEMENTS**

**VILLAGE OF PINCKNEY**

**DOWNTOWN DEVELOPMENT AUTHORITY**
**BALANCE SHEET**
**JUNE 30, 2025**

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and investments | $ | 398,776 |
| **LIABILITIES** | | |
| Accounts payable | $ | 28,592 |
| Accrued expenditures | | 545 |
| **Total liabilities** | | 29,137 |
| **FUND BALANCE** | | 369,639 |
| **Total liabilities and fund balance** | $ | 398,776 |

**VILLAGE OF PINCKNEY**

**DOWNTOWN DEVELOPMENT AUTHORITY**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | |
|---|---|
| **REVENUES** | |
| Property taxes | $ 190,193 |
| Charges for services | 1,872 |
| State revenues | 883 |
| Miscellaneous | 1,015 |
| Interest income | 4,670 |
| **Total revenues** | 198,633 |
| **EXPENDITURES** | |
| Recreation and culture | 180,370 |
| **Net change in fund balance** | 18,263 |
| **FUND BALANCE, JULY 1, 2024** | 351,376 |
| **FUND BALANCE, JUNE 30, 2025** | $ 369,639 |

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December 8, 2025

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, 2025, 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. **<u>ESTABLISH CONTROL OVER THE FINANCIAL REPORTING PROCESS</u>**

   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.

**Other Matters**

We came across other matters which we feel should be reported, but, in our view, do not constitute material weaknesses or significant deficiencies:

1. The Village was overbudget for several departments in the general fund. We recommend the Village review the budgets on a monthly basis and make amendments as needed.

2. We noted the Village did not have resolutions for the salaries or wage increases for the President or Clerk for fiscal year 2025. We recommend Resolutions for all approved salaries and wage increases of Village officials.

3. When adjustments to utility billing registers were made, new billing registers were not saved. We recommend ensuring the appropriate billing registers that support the balances in the general ledger be saved and included as support for the journal entries recorded

4. We noted instances where journal entries did not readily have supporting documentation included. We recommend all journal entries include the appropriate supporting evidence to ensure the appropriateness and validity of the entry.

**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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December 8, 2025

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, 2025. 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, 2025. 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 2024/2025, except at noted in Note 14. 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 December 8, 2025.

*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.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants