

VILLAGE OF PINCKNEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

VILLAGE OF PINCKNEY

OFFICIALS

President - Rebecca Foster
Treasurer/Finance Manager - Beverly Harris
Clerk - Jill Chapman

VILLAGE COUNCIL

Rebecca Foster
Eirik Kauserud
Ted Kinczkowski
Linda Lavey
Brian Matson
Justin McInnes

VILLAGE ATTORNEY

Cohl, Stoker, & Toskey, P.C.

VILLAGE AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
GOVERNMENT - WIDE FINANCIAL STATEMENTS	
Statement of Net Position	18
Statement of Activities	19
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	21
Reconciliation of the Governmental Balance Sheet to the Governmental Activities Statement of Net Position	22
Reconciliation of Total Downtown Development Authority Component Unit Fund Balances to Net Position of Downtown Development Authority Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	24
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Downtown Development Authority Component Unit to the Statement of Activities	26
Statement of Net Position - Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29
NOTES TO FINANCIAL STATEMENTS	31
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	59
Major Street Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60
Local Street Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61
General Highway Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	62
Defined Benefit Pension Plan - Schedule of Employer Contributions	63
Defined Benefit Pension Plan - Schedule of Changes in Net Pension Liability and Related Ratios	64
Other Post Employment Benefit Plan - Schedule of Employer Contributions	65
Other Post Employment Benefit Plan - Schedule of Changes in Net OPEB Liability and Related Ratios	66

TABLE OF CONTENTS

PAGE NUMBER

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

Combining Balance Sheets - Funds Included in GASB 54 Consolidation	69
Combining Balance Sheets - Nonmajor Governmental Funds	70
Combining Statements of Revenues, Expenditures and Changes in Fund Balances Funds Included in GASB 54 Consolidation	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds	72

FUND FINANCIAL STATEMENTS OF COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY FUND FINANCIAL STATEMENTS

Balance Sheet	75
Statement of Revenues, Expenditures and Changes in Fund Balance	76



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

INDEPENDENT AUDITORS' REPORT

December 13, 2021

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pinckney, Michigan as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pinckney, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and schedules of pension and other post-employment benefit funding progress on pages 8-15 and 59-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining individual, nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

June 30, 2021

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, 2021. 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 \$15,156,705 (net position). Of this amount, \$5,153,744 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$132,456.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$3,452,575, an increase of \$463,271 in comparison with the prior year. The combined ending fund balance consists of non-spendable items (2.1%), restricted amounts (59.5%), committed amounts per Village Council (3.7%), assigned amounts (11.7%), and unassigned fund balance of \$795,339 (23%) which is available for spending at the government's discretion.

The Village of Pinckney's total long-term obligations increased by \$1,075,044 during the current year, as a result of additional borrowings of \$1,209,599, annual principal payments of \$120,927, and a decrease in compensated absences of \$13,628.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements. They should be read thoroughly as part of any review of the Village's financial statements. The notes can be found on pages 31 - 57 of this report.

Other information

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

Major funds are reported in the basic financial statements as discussed. Combining statements and schedules for nonmajor funds can be found on pages 69 - 72 of this report. Fund financial statements of component unit (DDA) can be found on pages 75 - 76.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Village's net position at the end of the fiscal period was \$15,156,705. This is a \$132,456 increase over the net position of \$15,024,249 reported for the year ended June 30, 2020. A significant portion of the Village's net position, \$7,883,494 (52.0%), represents investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt that is still outstanding used to acquire those assets. These assets are used by the Village of Pinckney to provide public services to its citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Village's net position, \$2,137,467 (13.7%), 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 \$5,135,744 (34.3%) may be used to meet the Village's ongoing obligations to citizens and creditors.

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

Summary of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
ASSETS						
Current and other assets	\$ 3,571,729	\$ 3,058,947	\$ 4,729,768	\$ 4,507,709	\$ 8,301,497	\$ 7,566,656
Capital assets	2,613,518	2,809,693	8,736,122	7,860,431	11,349,640	10,670,124
Total assets	<u>6,185,247</u>	<u>5,868,640</u>	<u>13,465,890</u>	<u>12,368,140</u>	<u>19,651,137</u>	<u>18,236,780</u>
DEFERRED OUTFLOW OF RESOURCES	<u>80,679</u>	<u>159,085</u>	<u>19,505</u>	<u>32,330</u>	<u>100,184</u>	<u>191,415</u>
LIABILITIES						
Other liabilities	186,539	160,169	368,200	273,089	554,739	433,258
Long-term liabilities	814,374	912,576	3,167,706	2,013,952	3,982,080	2,926,528
Total liabilities	<u>1,000,913</u>	<u>1,072,745</u>	<u>3,535,906</u>	<u>2,287,041</u>	<u>4,536,819</u>	<u>3,359,786</u>
DEFERRED INFLOW OF RESOURCES	<u>57,797</u>	<u>44,160</u>			<u>57,797</u>	<u>44,160</u>
NET POSITION						
Invested in capital assets, net of related debt	2,259,307	2,395,555	5,624,187	5,897,096	7,883,494	8,292,651
Restricted	2,055,367	1,282,244	82,100	58,715	2,137,467	1,340,959
Unrestricted	892,542	1,233,021	4,243,202	4,157,618	5,135,744	5,390,639
Total net position	<u>\$ 5,207,216</u>	<u>\$ 4,910,820</u>	<u>\$ 9,949,489</u>	<u>\$ 10,113,429</u>	<u>\$ 15,156,705</u>	<u>\$ 15,024,249</u>

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
REVENUES:						
Program revenues:						
Charges for services	\$ 199,279	\$ 188,102	\$ 799,907	\$ 761,783	\$ 999,186	\$ 949,885
Operating grants and contributions	56,136	19,714	10,310	10,250	66,446	29,964
General revenues:						
Property taxes	918,489	889,027			918,489	889,027
State shared revenues	516,100	459,906			516,100	459,906
Grant revenue			98,471		98,471	
Interest income	6,706	24,378	7,535	39,482	14,241	63,860
Other	269,035	243,908	22,323	39,788	291,358	283,696
Gain (loss) from disposal of capital assets	15,967		2,357		18,324	
Total revenues	1,981,712	1,825,035	940,903	851,303	2,922,615	2,676,338
EXPENSES						
General government	413,569	317,524			413,569	317,524
Public safety	573,851	557,001			573,851	557,001
Public works	666,837	693,279			666,837	693,279
Cemetery	18,814	13,632			18,814	13,632
Recreation and culture		458				458
Interest on long-term debt	12,245	12,157			12,245	12,157
Water system			360,267	299,796	360,267	299,796
Sewer system			744,576	530,712	744,576	530,712
Total expenses	1,685,316	1,594,051	1,104,843	830,508	2,790,159	2,424,559
Change in net position	296,396	230,984	(163,940)	20,795	132,456	251,779
Beginning net position	4,910,820	4,679,836	10,113,429	10,092,634	15,024,249	14,772,470
Ending net position	\$ 5,207,216	\$ 4,910,820	\$ 9,949,489	\$ 10,113,429	\$ 15,156,705	\$ 15,024,249

Governmental activities increased the Village's net position by \$296,396. The \$296,396 increase is primarily due to higher property tax and State Shared revenues, as well as Grants associated with the Covid pandemic, offset by lower interest income and higher General Government expenditures. Business-type activities reduced the Village's net position by \$163,940.

Financial Analysis of the Village's Major Funds

The Village's General Fund had revenues over expenditures, before other financing sources (uses), totaling \$13,007 this year. This is primarily due to capital outlay expenditures for public works activities.

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

The General Highway Fund had revenues over expenditures, before other financing sources (uses), totaling \$234,770. This was primarily due to efficient management of road expenditures.

The Major Street Fund had revenues over expenditures, before other financing sources (uses), totaling \$164,150.

The Local Street Fund had revenues over expenditures, before other financing sources (uses), totaling \$38,338.

The Village's two major proprietary funds, Sewage Disposal System Fund and Village Water Fund, had an aggregated decrease in net position of \$163,940. The net position of the Sewage Disposal System Fund decreased by \$93,519, due to charges for services not keeping pace with expense. The net position of the Village Water Fund decreased by \$70,421, due to an operating loss of \$76,481 offset by tap fee income of \$6,060. The unrestricted net position of the combined proprietary funds at the end of the year amounted to \$4,243,202, restricted assets amounted to \$82,100, and capital assets net of related debt amounted to \$5,624,187.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$11,349,640 (net of accumulated depreciation). This investment in capital assets includes land, roads, buildings and improvements, machinery and equipment, and sewer and water infrastructure. Major capital asset events during the current fiscal year included the following:

- Completion of the Mann Street construction project
- Purchase of radios
- Purchase of a new roof for the DPW
- Purchase of a blower for the cemetery
- Continuation of a pump station and force main replacement and screening building in the Sewage Disposal System
- Purchase of a SCADA software in the Sewage Disposal System

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

Capital Assets as of June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Land	\$ 48,285	\$ 184,334	\$ 232,619
Construction in progress		3,233,786	3,233,786
Buildings and improvements	412,083	291,570	703,653
Machinery and equipment	859,008	725,225	1,584,233
Road infrastructure	3,612,374		3,612,374
Sewer infrastructure		7,251,917	7,251,917
Water infrastructure		4,628,346	4,628,346
Vehicles		58,091	58,091
Subtotal	4,931,750	16,373,269	21,305,019
Accumulated depreciation	<u>(2,318,232)</u>	<u>(7,637,147)</u>	<u>(9,955,379)</u>
Net capital assets	<u>\$ 2,613,518</u>	<u>\$ 8,736,122</u>	<u>\$ 11,349,640</u>

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

Long-term Debt

At the end of the current fiscal year, the Village had total bonded debt and lease payables of \$3,466,146. The Village's total debt (excluding compensated absences) increased by \$1,088,672, which consisted of additional borrowings of \$1,209,599, offset by repayments on existing debt of \$120,927.

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 2021-22 fiscal year:

- The labor agreement with the Police Officers Labor Council contains annual contractual rate increases. The current contract runs from July 1, 2019 through June 30, 2022.
- The Village is anticipating property tax revenue for its General Fund to show a modest increase for the next fiscal year. Real property values have risen, but another Headlee rollback in 2021 has reduced the millage rate from 8.2792 to 8.1723 mils. The General Highway millage is 4.0000 mils. The total millage rate is 12.1723 mills for 2021-22.
- The Village was awarded a Stormwater, Asset Management, and Wastewater Grant ("SAW Grant") on April 24, 2020 in the amount of \$300,946 to prepare a Waste Water Asset Management Plan. In addition to the SAW Grant amount, the Village is required to provide match funding up to \$33,349. In general, an Asset Management Plan is a tool for water systems to plan for future financial needs, estimate the full cost of water service and to ensure a sustainable utility. The end date of the SAW Grant is March 2023.
- The Village is in the construction stages of a major waste water improvement project. The project includes the construction of a screening building to remove excessive inorganic material flowing into the aeration ponds which is causing excessive maintenance problems. Another aspect of the project is to replace the antiquated cast iron force main and upgrade the pump stations involved. Debt financing in the form of a USDA-RD loans of \$3.4M will be used to pay for this project.
- Additional considerations for the 2021-22 fiscal year include directing the expenditure of \$253,298 awarded under the American Rescue Plan Act, adopting a 10-year Street Improvement Plan, and implementing recommendations from a Utility Rate Study, in association with the Waste Water Asset Management Plan, to ensure the long-term health of the Water and Sewer system. Additionally, the Village was awarded an MDOT Category B grant of \$174,000, with the village providing the same in matching funds, for chip-sealing a number of local streets and reconstruction work on South Howell Street. The Village will also be extending a water main to the west of town to provide water service to a proposed marijuana grow and retail facility; the owners will be contributing to this extension as a requirement of their site plan approval.

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, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash, cash equivalents and investments	\$ 3,354,374	\$ 4,203,179	\$ 7,557,553	\$ 244,542
Receivables:				
Accounts	73,632	303,446	377,078	
Other governments	89,103		89,103	
Grants		98,471	98,471	
Taxes	608		608	
Miscellaneous	8,842		8,842	
Prepaid expenses	33,072	5,667	38,739	
Inventory		36,905	36,905	
Net other post employment benefits obligation	12,098		12,098	
Restricted:				
Cash and cash equivalents		64,553	64,553	
Special assessments receivable		17,547	17,547	
Capital assets:				
Non-depreciable	48,285	3,418,120	3,466,405	96,665
Depreciable, net	2,565,233	5,318,002	7,883,235	333,645
Total assets	6,185,247	13,465,890	19,651,137	674,852
DEFERRED OUTFLOW OF RESOURCES				
Pension asset, net	80,679	19,505	100,184	779
LIABILITIES				
Accounts payable and accrued expenses	75,481	297,200	372,681	9,244
Due to others	31,575		31,575	
Long-term obligations:				
Compensated absences	15,272		15,272	
Current portion of long-term debt	64,211	71,000	135,211	
Net other post employment benefits obligation			0	
Net pension liability	524,374	126,773	651,147	5,064
Other due in more than one year	290,000	3,040,933	3,330,933	
Total liabilities	1,000,913	3,535,906	4,536,819	14,308
DEFERRED INFLOW OF RESOURCES				
OPEB liability, net	57,797		57,797	
NET POSITION				
Net investment in capital assets	2,259,307	5,624,187	7,883,494	430,310
Restricted:				
Public safety	996		996	
Public works	2,054,371		2,054,371	
USDA Revenue Bond, Series 2018 Bond and Interest Redemption Reserve		28,750	28,750	
USDA Revenue Bond, Series 2020 Bond and Interest Redemption Reserve		1,788	1,788	
USDA Revenue Bond, Series 2018 Repair, Replacement, Improvement Reserve		34,015	34,015	
Special Assessments		17,547	17,547	
Unrestricted	892,542	4,243,202	5,135,744	231,013
Total net position	\$ 5,207,216	\$ 9,949,489	\$ 15,156,705	\$ 661,323

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Programs Revenues		Net (Expenses) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT							
Governmental Activities							
General government	\$ (413,569)	\$ 175,279	\$ 55,578	\$ (182,712)	\$	\$ (182,712)	\$
Public safety	(573,851)		558	(573,293)		(573,293)	
Public works	(666,837)			(666,837)		(666,837)	
Cemetery	(18,814)	24,000		5,186		5,186	
Interest on long-term debt	(12,245)			(12,245)		(12,245)	
Total governmental activities	(1,685,316)	199,279	56,136	(1,429,901)		(1,429,901)	
Business-type Activities							
Water system	(360,267)	271,926	6,060		(82,281)	(82,281)	
Sewer system	(744,576)	527,981	4,250		(212,345)	(212,345)	
Total business-type activities	(1,104,843)	799,907	10,310		(294,626)	(294,626)	
Total primary government	\$ (2,790,159)	\$ 999,186	\$ 66,446	(1,429,901)	(294,626)	(1,724,527)	
COMPONENT UNIT							
Downtown Development Authority	\$ (96,180)	\$ 290	\$				(95,890)
General revenues:							
Property taxes				918,489		918,489	148,429
State shared revenues				516,100		516,100	3,601
Interest income				6,706	7,535	14,241	220
State grant					98,471	98,471	
Rental income				122,200		122,200	
Gain on sales of assets				15,967	2,357	18,324	
Other income				146,835	22,323	169,158	15,000
Total general revenues				1,726,297	130,686	1,856,983	167,250
Changes in net position				296,396	(163,940)	132,456	71,360
Net position, July 1, 2020				4,910,820	10,113,429	15,024,249	589,963
Net position, June 30, 2021				\$ 5,207,216	\$ 9,949,489	\$ 15,156,705	\$ 661,323

The notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
ASSETS						
Cash, cash equivalents and investments	\$ 1,167,908	\$ 647,962	\$ 576,920	\$ 794,028	\$ 167,556	\$ 3,354,374
Receivables						
Services	73,632					73,632
Taxes	429			179		608
Intergovernmental	44,440	31,308	13,355			89,103
Miscellaneous	8,842					8,842
Prepaid expenditures	32,515	88	127		342	33,072
Total assets	\$ 1,327,766	\$ 679,358	\$ 590,402	\$ 794,207	\$ 167,898	\$ 3,559,631
LIABILITIES						
Accounts payable and accrued expenses	\$ 65,108	\$ 2,606	\$ 1,474	\$ 5,301	\$ 992	\$ 75,481
Due to others	31,575					31,575
Total liabilities	96,683	2,606	1,474	5,301	992	107,056
FUND BALANCES						
Nonspendable						
Prepaid items	32,515	88	127		342	33,072
Corpus of permanent fund					44,072	44,072
Restricted						
Public safety					996	996
Public works		676,664	588,801	788,906		2,054,371
Committed						
Cemetery					121,496	121,496
Assigned						
Future budget deficit	403,229					403,229
Unassigned	795,339					795,339
Total fund balances	1,231,083	676,752	588,928	788,906	166,906	3,452,575
Total liabilities and fund balances	\$ 1,327,766	\$ 679,358	\$ 590,402	\$ 794,207	\$ 167,898	\$ 3,559,631

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, 2021

Total governmental fund balances		\$ 3,452,575
Amounts reported for governmental activities in the statement of net position because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The amount is net of accumulated depreciation of \$2,318,232:		2,613,518
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	\$ (320,000)	
Capital lease obligations	(34,211)	
Other post-employment benefits	12,098	
Compensated absences	(15,272)	
Net pension liability	(524,374)	
Deferred outflows related to net pension liability	80,679	
Deferred inflows related to OPEB liability	(57,797)	
	<u> </u>	<u>(858,877)</u>
Net position of governmental activities		<u><u>\$ 5,207,216</u></u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

RECONCILIATION OF TOTAL DOWNTOWN DEVELOPMENT AUTHORITY
 COMPONENT UNIT FUND BALANCES TO NET POSITION
 OF DOWNTOWN DEVELOPMENT AUTHORITY ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021

Total component unit fund balances		\$ 235,298
<p>Amounts reported for governmental activities in the statement of net position because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The amount is net of accumulated depreciation of \$263,691:</p>		430,310
<p>Long-term liabilities, including bonds payable, compensated absences and other post employment benefit obligations, are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Net pension liability	\$ (5,064)	
Deferred outflows related to net pension liability	779	
		<u>(4,285)</u>
Net position of governmental activities		<u><u>\$ 661,323</u></u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>General Highway Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
REVENUES						
Taxes	\$ 622,592	\$	\$	\$ 295,897	\$	\$ 918,489
State revenues	242,353	191,209	81,564	974		516,100
Charges for services	175,279				24,000	199,279
Charges to other governments and funds	72,023					72,023
Grants	55,578				558	56,136
Rents	105,764					105,764
Licenses, fines and permits	59,627			3,000		62,627
Franchise and liquor control fees	16,436					16,436
Interest	4,308	934	716	496	252	6,706
Other	3,062					3,062
Right of way fees				9,123		9,123
Total revenues	<u>1,357,022</u>	<u>192,143</u>	<u>82,280</u>	<u>309,490</u>	<u>24,810</u>	<u>1,965,745</u>
EXPENDITURES						
Current:						
General government	408,243					408,243
Public safety	519,846				980	520,826
Public works	342,690	27,993	42,330	35,970		448,983
Cemetery					16,935	16,935
Capital outlay:						
Cemetery					9,856	9,856
Public safety	7,426					7,426
Public works	32,388		1,612			34,000
Debt service:						
Principal	29,927			30,000		59,927
Interest and fiscal charges	3,495			8,750		12,245
Total expenditures	<u>1,344,015</u>	<u>27,993</u>	<u>43,942</u>	<u>74,720</u>	<u>27,771</u>	<u>1,518,441</u>
Excess of revenues over (under) expenditures	13,007	164,150	38,338	234,770	(2,961)	447,304
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	15,967					15,967
Transfers in			95,000			95,000
Transfers (out)		(95,000)				(95,000)
Total other financing sources (uses)	<u>15,967</u>	<u>(95,000)</u>	<u>95,000</u>			<u>15,967</u>
Net changes in fund balances	28,974	69,150	133,338	234,770	(2,961)	463,271
FUND BALANCE, JULY 1, 2020	1,202,109	607,602	455,590	554,136	169,867	2,989,304
FUND BALANCE, JUNE 30, 2021	<u>\$ 1,231,083</u>	<u>\$ 676,752</u>	<u>\$ 588,928</u>	<u>\$ 788,906</u>	<u>\$ 166,906</u>	<u>\$ 3,452,575</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - governmental funds		\$ 463,271
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	\$ 51,282	
Depreciation expense	<u>(247,457)</u>	(196,175)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of position:		
		59,927
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	13,628	
Change in net pension obligation	(53,555)	
Change in net OPEB obligation	<u>9,300</u>	
		<u>(30,627)</u>
Change in net position of governmental activities		<u>\$ 296,396</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - governmental funds	\$ 96,867
 Amounts reported for governmental activities in the statement of activities are different because:	
 Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense in the current period:	
Depreciation expense	(24,044)
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:	
Net pension liability	<u>(1,463)</u>
Change in net position of component unit activities	<u><u>\$ 71,360</u></u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2021

	Sewage Disposal System Fund	Village Water Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	\$ 854,621	\$ 1,190,751	\$ 2,045,372
Investments	919,775	1,238,032	2,157,807
Accounts receivable	211,617	91,829	303,446
Grants receivable	98,471		98,471
Prepaid expenses	3,881	1,786	5,667
Inventory		36,905	36,905
Total current assets	2,088,365	2,559,303	4,647,668
NONCURRENT ASSETS			
Restricted special assessment receivable	17,547		17,547
Restricted cash and cash equivalents	64,553		64,553
Capital assets not being depreciated	3,418,120		3,418,120
Capital assets being depreciated	3,396,814	1,921,188	5,318,002
Total noncurrent assets	6,897,034	1,921,188	8,818,222
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on pension liability	12,187	7,318	19,505
Total assets and deferred outflow	8,997,586	4,487,809	13,485,395
CURRENT LIABILITIES			
Accounts payable and accrued expenses	291,722	5,478	297,200
Bonds payable - current portion	71,000		71,000
Total current liabilities	362,722	5,478	368,200
LONG-TERM OBLIGATIONS			
Net pension liability	79,207	47,566	126,773
Bonds payable	3,040,933		3,040,933
Total long-term obligations	3,120,140	47,566	3,167,706
Total liabilities	3,482,862	53,044	3,535,906
NET POSITION			
Invested in capital assets, net of related debt	3,702,999	1,921,188	5,624,187
Restricted:			
USDA Revenue Bond, Series 2018 Bond and Interest Redemption Reserve	28,750		28,750
USDA Revenue Bond, Series 2020 Bond and Interest Redemption Reserve	1,788		1,788
USDA Revenue Bond, Series 2018 Repair, Replacement, Improvement Reserve	34,015		34,015
Special Assessments	17,547		17,547
Unrestricted	1,729,625	2,513,577	4,243,202
Total net position	\$ 5,514,724	\$ 4,434,765	\$ 9,949,489

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, 2021

	Sewage Disposal System Fund	Village Water Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 527,981	\$ 271,926	\$ 799,907
OPERATING EXPENSES	<u>686,720</u>	<u>360,267</u>	<u>1,046,987</u>
Operating income (loss)	<u>(158,739)</u>	<u>(88,341)</u>	<u>(247,080)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	3,713	3,822	7,535
Interest (expense)	(57,856)		(57,856)
Gain on sale of asset	267	2,090	2,357
State grant	98,471		98,471
Other income	<u>16,375</u>	<u>5,948</u>	<u>22,323</u>
Total non-operating revenues	<u>60,970</u>	<u>11,860</u>	<u>72,830</u>
INCOME BEFORE CONTRIBUTIONS	(97,769)	(76,481)	(174,250)
CAPITAL CONTRIBUTIONS, TAP IN & GRANTS	<u>4,250</u>	<u>6,060</u>	<u>10,310</u>
Change in net position	(93,519)	(70,421)	(163,940)
NET POSITION JULY 1, 2020	<u>5,608,243</u>	<u>4,505,186</u>	<u>10,113,429</u>
NET POSITION JUNE 30, 2021	<u>\$ 5,514,724</u>	<u>\$ 4,434,765</u>	<u>\$ 9,949,489</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2021

	Sewage Disposal System Fund	Village Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 422,308	\$ 271,150	\$ 693,458
Cash payments to employees for services	(94,993)	(59,005)	(153,998)
Cash payments to suppliers of goods and services	(291,028)	(148,315)	(439,343)
Net cash provided by operating activities	<u>36,287</u>	<u>63,830</u>	<u>100,117</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	4,250	6,060	10,310
Investment activity	254,809	212,150	466,959
Purchase of fixed assets	(1,215,008)		(1,215,008)
Special assessments collected	4,352		4,352
Principal and interest paid on capital debt	(118,856)		(118,856)
Proceeds from borrowings	1,209,599		1,209,599
Other income	16,375	5,948	22,323
Net cash (used in) capital and related financing activities	<u>155,521</u>	<u>224,158</u>	<u>379,679</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and cash equivalents	640	821	1,461
Net increase in cash and cash equivalents	192,448	288,809	481,257
CASH AND CASH EQUIVALENTS AT JULY 1, 2020			
	<u>726,727</u>	<u>901,942</u>	<u>1,628,669</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2021			
	<u>\$ 919,175</u>	<u>\$ 1,190,751</u>	<u>\$ 2,109,926</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (158,739)	\$ (88,341)	\$ (247,080)
Adjustments to reconcile operating income to net cash from (used in) operating activities			
Depreciation	195,335	143,983	339,318
Pension	18,087	9,894	27,981
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(105,673)	(776)	(106,449)
(Increase) decrease in prepaid expenses	55	1,180	1,235
(Decrease) increase in accounts payable	91,241	1,559	92,800
(Decrease) increase in accrued expense	(4,019)	(3,669)	(7,688)
Total adjustments	<u>195,026</u>	<u>152,171</u>	<u>347,197</u>
Net cash from operating activities	<u>\$ 36,287</u>	<u>\$ 63,830</u>	<u>\$ 100,117</u>

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

FINANCIAL REPORTING ENTITY

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

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

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The Village reports the following major proprietary funds:

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 the Village has accrued \$15,272 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.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2020 taxable valuation of the Village totaled \$82,689,300.

The Village levies the following millages:

General Village	8.2792
General Highway	<u>4.0000</u>
Total millage	<u>12.2792</u>

Charges for Services

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

Intergovernmental Revenues

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

Rental Income

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

Management's Estimates

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

VILLAGE OF PINCKNEY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

As of June 30, 2021 deposits and investments consist of the following:

CASH AND INVESTMENTS - PRIMARY GOVERNMENT AND COMPONENT UNIT

Deposits	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
Checking accounts	\$ 1,632,005	\$ 1,632,005	\$
Money market and savings account	2,768,805	2,768,805	
Non-negotiable certificates of deposit	3,474,550		3,474,550
Total deposits	<u>\$ 7,875,360</u>	<u>\$ 4,400,810</u>	<u>\$ 3,474,550</u>

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

	<u>Primary Government</u>	<u>Component Unit</u>
Statement of Net Position		
Cash and investments	\$ 7,557,553	\$ 244,542
Restricted Cash	64,553	
Total cash and investments	<u>\$ 7,622,106</u>	<u>\$ 244,542</u>

The differences between the carrying amount of cash and the balances per the financial institutions as of June 30, 2021 stem from outstanding checks, petty cash and accrued interest.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued

Deposits - Custodial Credit Risk

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

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

As of June 30, 2021 deposits in banks totaled \$7,875,360, which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 3,596,735
Uninsured and collateralized	1,823,353
Uninsured and uncollateralized	<u>2,455,272</u>
	<u>\$ 7,875,360</u>

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

Custodial Credit Risk - Deposits of Component Units

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

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables and payables at June 30, 2021. These represent short-term borrowings and amounts owed for reimbursements between other funds.

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

NOTE 4 - INTERFUND TRANSFERS

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund. The Village also records all proceeds from the issuance of debt instruments as other financing sources in the fund financial statements. The total interfund transfer balances at June 30, 2021 were as follows:

<u>Fund Receiving Resources</u>	<u>Fund Providing Resources</u>	<u>Amount</u>
Local Street Fund	Major Street Fund	\$ 95,000

VILLAGE OF PINCKNEY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

PRIMARY GOVERNMENT

Governmental activities	Balance July 1, 2020	Additions	Deletions	Reclassification	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 48,285	\$	\$	\$	\$ 48,285
Construction in progress	387,785	1,612		(389,397)	
Subtotal	436,070	1,612		(389,397)	48,285
Other capital assets:					
Buildings and improvements	379,695	32,388			412,083
Machinery and equipment	841,726	17,282			859,008
Road infrastructure	3,222,977			389,397	3,612,374
Subtotal	4,444,398	49,670		389,397	4,883,465
Less accumulated depreciation for:					
Buildings and improvements	(198,428)	(10,186)			(208,614)
Machinery and equipment	(428,834)	(69,081)			(497,915)
Road infrastructure	(1,443,513)	(168,190)			(1,611,703)
Subtotal	(2,070,775)	(247,457)			(2,318,232)
Other capital assets, net	2,373,623	(197,787)		389,397	2,565,233
Net capital assets	<u>\$ 2,809,693</u>	<u>\$ (196,175)</u>	<u>\$</u>	<u>\$</u>	2,613,518
Related long-term debt outstanding at June 30, 2021:					<u>(354,211)</u>
Governmental capital assets, net of related debt:					<u>\$ 2,259,307</u>

Depreciation expense was charged to the following governmental activities:

	<u>Depreciation</u>
General government	\$ 6,177
Cemetery	1,555
Public works	218,928
Public safety	20,797
Total depreciation expense	<u>\$ 247,457</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS - continued

PRIMARY GOVERNMENT - continued

Business-type activities	Balance July 1, 2020	Additions	Deletions	Reclassification	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 184,334	\$	\$	\$	\$ 184,334
Construction in progress	2,302,185	1,215,008		(283,407)	3,233,786
Subtotal	2,486,519	1,215,008		(283,407)	3,418,120
Other capital assets:					
Buildings	291,570				291,570
Vehicles	58,091				58,091
Equipment	654,750			70,475	725,225
Sewer infrastructure	7,038,985			212,932	7,251,917
Water infrastructure	4,628,346				4,628,346
Subtotal	12,671,742			283,407	12,955,149
Less accumulated depreciation for:					
Buildings	(55,638)	(7,477)			(63,115)
Vehicles	(58,091)				(58,091)
Equipment	(390,071)	(44,969)			(435,040)
Sewer infrastructure	(3,888,858)	(165,712)			(4,054,570)
Water infrastructure	(2,905,172)	(121,159)			(3,026,331)
Subtotal	(7,297,830)	(339,317)			(7,637,147)
Other capital assets, net	5,373,912	(339,317)		283,407	5,318,002
Net capital assets	<u>\$ 7,860,431</u>	<u>\$ 875,691</u>	<u>\$</u>	<u>\$</u>	8,736,122
Related long-term debt outstanding at June 30, 2021:					<u>(3,111,935)</u>
Business-type capital assets, net of related debt					<u>\$ 5,624,187</u>

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

	<u>Depreciation</u>
Sewer service	\$ 195,334
Water service	143,983
Total depreciation expense	<u>\$ 339,317</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS - continued

COMPONENT UNIT

Downtown Development Authority	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 96,665	\$	\$	\$ 96,665
Other capital assets:				
Infrastructure	597,336			597,336
Less accumulated depreciation for:				
Infrastructure	<u>(239,647)</u>	<u>(24,044)</u>	<u></u>	<u>(263,691)</u>
Other capital assets, net	<u>357,689</u>	<u>(24,044)</u>	<u></u>	<u>333,645</u>
Net capital assets	<u>\$ 454,354</u>	<u>\$ (24,044)</u>	<u>\$</u>	<u>\$ 430,310</u>

Depreciation expense was charged to the following component unit activity:

Recreation and culture	<u>\$ 24,044</u>
------------------------	------------------

VILLAGE OF PINCKNEY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term debt and other long-term obligations (including current portions) of the Village for the year ended June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Primary Government					
Government Activities					
2010 General Obligation Bonds	\$ 350,000	\$	\$ 30,000	\$ 320,000	\$ 30,000
Installment agreement obligations	64,138		29,927	34,211	34,211
Compensated absences	28,900		13,628	15,272	6,375
Total government activities	<u>443,038</u>		<u>73,555</u>	<u>369,483</u>	<u>70,586</u>
Business-type Activities					
2013 General Obligation Capital Improvement Bonds	267,010		15,000	252,010	15,000
2020 Sanitary Sewer Bonds		25,000		25,000	9,000
2018 Rural Development Revenue Bonds	1,696,326	1,184,599	46,000	2,834,925	47,000
Total business-type activities	<u>1,963,336</u>	<u>1,209,599</u>	<u>61,000</u>	<u>3,111,935</u>	<u>71,000</u>
Total Primary Government	<u>\$ 2,406,374</u>	<u>\$ 1,209,599</u>	<u>\$ 134,555</u>	<u>\$ 3,481,418</u>	<u>\$ 141,586</u>

The Village's long-term obligations as of June 30, 2021, 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, 2021:

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.

\$ 320,000

Business-type Activities

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

252,010

Total general obligation bonds

\$ 572,010

VILLAGE OF PINCKNEY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 - LONG-TERM OBLIGATIONS - continued

As of June 30, 2021 the remaining debt service maturities on the general obligation bonds and installment agreement obligations of the Village are as follows:

Fiscal Year Ended	Governmental Activities		Business-type Activities	
	Principle	Interest	Principle	Interest
2022	\$ 64,211	\$ 8,910	\$ 71,000	\$ 69,947
2023	35,000	7,250	79,000	70,233
2024	35,000	6,375	69,000	68,731
2025	35,000	5,500	71,000	67,144
2026	35,000	4,625	72,000	65,521
2027-2031	150,000	9,625	377,000	302,378
2032-2036			374,010	258,105
2037-2041			352,000	216,876
2042-2046			395,000	172,594
2047-2050			445,000	122,719
2051-2055			500,000	66,703
2056-2059			306,925	10,529
	<u>\$ 354,211</u>	<u>\$ 42,285</u>	<u>\$ 3,111,935</u>	<u>\$ 1,491,480</u>

Rural Development Bonds

The Village has the following revenue development bond outstanding as of June 30, 2021:

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. \$ 2,834,925

Revenue Bonds

The Village has the following revenue bond outstanding as of June 30, 2021:

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. \$ 25,000

Obligations under Capital Lease and Installment Purchase Agreements

The Village has entered into lease agreements to finance the acquisition of a police vehicle, and dump truck. The lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2021 is as follows:

Total remaining minimum lease payments for vehicles and equipment \$ 34,211

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 \$15,272 and have been recorded in the government-wide financial statements at June 30, 2021.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7- DEFINED BENEFIT PENSION PLAN

Plan Description

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

Benefits Provided

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

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

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

Employees covered by benefit terms

At the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

	<u>Division 01</u>	<u>Division 02</u>
Inactive employees or beneficiaries currently receiving benefits	4	1
Inactive employees entitled to but not yet receiving benefits	9	1
Active employees	<u>13</u>	<u>0</u>
Total	<u><u>26</u></u>	<u><u>2</u></u>

Contributions

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

Covered employees are required to contribute 4.00% of their annual covered salaries and wages. The Village is required to contribute an actuarially determined rate of eligible payroll for Division 01 and a fixed dollar amount for Division 02. For the year ended June 30, 2021 the rate was 15.08% and the fixed amount was \$1,955 per month for the period July 1, 2019 through February 28, 2020, and a rate of 16.42% and fixed amount of \$2,086 per month is effective for the period March 1, 2020 through June 30, 2021.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLAN - continued

Net Pension Liability

The Total Pension Liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2020.

Actuarial assumptions

The total pension liability in the December 31, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.

Salary Increases: 3.0% in the long term.

Investment rate of return: 7.35%, 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 Healthy Annuitant Annuity Mortality Table with rates multiplied by 105%, Employee Mortality Table and Juvenile Mortality Table with a 50% Male and 50% Female blend.

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

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

Asset Class	Target Allocation		Target Allocation Gross Rate of Return		Long- Term Expected Real Rate of Return
Global Equity	60.00%	x	7.75%	=	4.65%
Global Fixed Income	20.00%	x	3.75%	=	0.75%
Private Investments	20.00%	x	9.75%	=	1.95%
Total					7.35%

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLAN - continued

Discount Rate

The discount rate used to measure the total pension liability is 7.6% for 2020. 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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balance at 12/31/2019	\$ 3,583,461	\$ 2,918,646	\$ 664,815
Changes for the year			
Service cost	96,853		96,853
Interest on total pension liability	270,518		270,518
Changes in benefits			
Difference between expected and actual experience	49,811		49,811
Changes in assumptions	111,430		111,430
Employer contributions		133,367	(133,367)
Employee contributions		26,813	(26,813)
Net investment income		382,967	(382,967)
Benefit payments, including employee refunds	(144,857)	(144,857)	
Administrative expense		(5,931)	5,931
Other changes			
Net changes	<u>383,755</u>	<u>392,359</u>	<u>(8,604)</u>
Balances as of 12/31/2020	<u>\$ 3,967,216</u>	<u>\$ 3,311,005</u>	<u>\$ 656,211</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - DEFINED BENEFIT PENSION PLAN - continued

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.6%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.6%) or 1% higher (8.6%) than the current rate.

	1% Decrease	Current Discount	1% Increase
	6.6%	Rate	8.6%
	<u>6.6%</u>	<u>7.6%</u>	<u>8.6%</u>
Net Pension Liability at 12/31/2020	\$ 656,211	\$ 656,211	\$ 656,211
Change in Net Pension Liability (NPL) from change in discount rate	<u>496,285</u>	<u> </u>	<u>(415,635)</u>
Calculated NPL	<u>\$ 1,152,496</u>	<u>\$ 656,211</u>	<u>\$ 240,576</u>

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

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

For the year ended June 30, 2021, the Village recognized pension expense of \$168,225. The Village reported deferred outflow and inflow of resources related to pensions from the following sources:

	Deferred	Deferred	Total
	Outflow of	Inflow of	
	Resources	Resources	
Differences in experience	\$ 47,956	\$	\$ 47,956
Differences in assumptions	116,655		116,655
Excess (Deficit) of Investment Returns	<u> </u>	<u>(119,194)</u>	<u>(119,194)</u>
Total to be amortized as pension expense	164,611	(119,194)	45,417
Contributions subsequent to the measurement date	<u>55,546</u>	<u> </u>	<u>55,546</u>
Total deferred outflows (inflows)	<u>\$ 220,157</u>	<u>\$ (119,194)</u>	<u>\$ 100,963</u>

The amount reported as deferred outflow of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2021.

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

<u>Year Ended</u>	<u>Expense</u>
2022	\$ 86,278
2023	54,685
2024	(63,392)
2025	<u>(32,154)</u>
Total	<u>\$ 45,417</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFITS

Plan Description

Plan summary

The Village participates in an agent multiple employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance coverage to certain retirees of the Village. Eligible retirees are those that have provided the Village twenty-five or more years of service and have reached the age of fifty-five. The plan is closed to employees hired after July 1, 2012. Benefit provisions are established through policies adopted by the Village Council through resolution. The Retiree Health Plan does not issue a publicly available financial report.

Benefits Provided

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

Summary of plan participants

The retiree health plan membership for the year ended June 30, 2021, consisted of the following:

<u>Metrics</u>	<u>Active Employees</u>	<u>Retirees and Spouses</u>
Covered participants	5	
Average age	55.8	
Average service age	18.7	
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, 2021, 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.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Assumptions and Methods

The Village's OPEB liability was measured as of June 30, 2021.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 with the following assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Individual Entry Age Normal as a level percentage of payroll
Discount Rate	6.00%
Annual Wage Increases	2.75%
Price Inflation	2.50%
Investment Rate of Return	6.00%
Actuarial Value of Assets	Market value
Annual Per Capita Claims Costs	Starting per capita costs were based on the annual premium equivalent rates provided by the insurer. These rates are charged on a per member, age-specific basis. As such, these rates are considered age-appropriate and no further adjustments are necessary. Fixed costs and fees are included in these costs to the extent the insurer incorporated them.
Participation	<i>100% of future retirees</i> are assumed to elect coverage at retirement. It is assumed that no one will opt in or opt of coverage once an initial retirement election is made. <i>Current retirees</i> : Based on current coverage election. It is assumed that no one
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.
Disability	Participants are assumed to become disabled in accordance with rates based on age. Sample rates by age are shown below:

<u>Age</u>	<u>Rate</u>
25	0.02%
30	0.20%
35	0.50%
40	0.08%
45	0.21%
50	0.29%
55	0.38%
60+	0.39%

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Assumptions and Methods - continued

Mortality

Healthy:

50% Male 50% Female blend of the following tables:

1. The RP-2014 Health Annuitant Mortality Tables, with rates multiplied by 105%
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

For ages 0-17, use the rates in Table 3, for ages 18-49 use the rates in Table 2, for ages 70 and older, use the rates in Table 1 and for ages 50-69, blend Table 1 and Table 2 as follows:

- a) Age 50, use 40% of Table 1 and 60% of Table 2
- b) Age 51, use 43% of Table 1 and 57% of Table 2
- c) Age 52, use 46% of Table 1 and 54% of Table 2

Etc. using 3% increases to Table 1 and 3% decreases to Table 2 per year until Age 69 with 97% of Table 1 and 3% of Table 2.

Disabled:

50% Male 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables. The mortality assumptions include a 10% margin for future mortality improvements, relative to the actual mortality experience seen in the 2000 - 2013 Experience Study.

**Annual Premium
Equivalent Rates**

Age	Medical and Prescription	Dental	Vision	Total
50	\$ 6,116	\$ 429	\$ 55	\$ 6,600
51	6,387	437	56	6,880
52	6,685	445	56	7,186
53	6,986	453	57	7,496
54	7,311	462	57	7,830
55	7,637	470	57	8,164
56	7,989	479	57	8,525
57	8,346	488	57	8,891
58	8,726	498	57	9,281
59	8,914	507	57	9,478
60	9,294	517	57	9,868
61	9,623	526	57	10,206
62	9,839	537	56	10,432
63	10,109	547	56	10,712
64	10,274	557	55	10,886

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Assumptions and Methods - continued

Discount Rate

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

Single Equivalent Interest Rate (SEIR)

Long-Term Expected Rate of Return	6.00%
Municipal Bond Index Rate*	3.45%
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%

<u>Asset Classes</u>	<u>Target Allocation</u> <u>(a)</u>	<u>Inflation</u> <u>(b)</u>	<u>Real Rate of Return</u> <u>(c)</u>	<u>Arithmetic Mean</u> <u>(a) x [(b)+(c)]</u>
Global Equity	60.00%	2.50%	3.79%	3.77%
Global Fixed Income	20.00%	2.50%	0.90%	0.68%
Private Assets	20.00%	2.50%	5.25%	1.55%
Total	100.00%	7.50%	9.94%	6.00%

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Net OPEB Liability

Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 121,348	\$ 110,509	\$ 10,839
Changes during the year			
Service cost	3,500		3,500
Interest	7,386		7,386
Differences between expected and actual experience		24,439	(24,439)
Change in actuarial assumptions	(2,989)		(2,989)
Change in benefits			
Contributions to OPEB trust			
Net investment income		6,624	(6,624)
Benefit payments, including refunds of contributions			
Administrative expenses		(229)	229
Other changes			
Total changes	<u>7,897</u>	<u>30,834</u>	<u>(22,937)</u>
Balance at June 30, 2021	<u>\$ 129,245</u>	<u>\$ 141,343</u>	<u>\$ (12,098)</u>

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	\$ (12,098)	\$ (12,098)	\$ (12,098)
Change in Net OPEB Liability from change in trend	(7,124)		7,684
Adjusted Net OPEB Liability	<u>\$ (19,222)</u>	<u>\$ (12,098)</u>	<u>\$ (4,414)</u>
Discount	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	\$ (12,098)	\$ (12,098)	\$ (12,098)
Change in Net OPEB Liability from change in trend	5,599		(5,364)
Adjusted Net OPEB Liability	<u>\$ (6,499)</u>	<u>\$ (12,098)</u>	<u>\$ (17,462)</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

OPEB Expense

Components of the Village's OPEB expense, under GASB 75 standards, for the fiscal year ended June 30, 2021 are:

	Fiscal Year Ending June 30, 2021
Service cost	\$ 3,500
Interest on total OPEB liability	7,386
Recognition of deferred outflows (inflows) related to:	
Projected and actual investment earnings	(3,483)
Differences between expected and actual experience	(5,199)
Changes in assumptions	(5,111)
Projected earnings on OPEB plan investments	(6,624)
Administrative expenses	229
Total OPEB expense	\$ (9,302)

Deferred outflows and inflows of resources related to OPEB:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Total
Differences in experience	\$ 1,565	\$ (16,700)	\$ (15,135)
Differences between projected and actual income		\$ (17,170)	
Differences in assumptions		(25,492)	(25,492)
Excess (Deficit) of investment returns			
Total to be amortized as pension expense	1,565	(59,362)	(57,797)
Contributions subsequent to the measurement date			
Total deferred outflows (inflows)	\$ 1,565	\$ (59,362)	\$ (57,797)

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,
2022	\$ (13,793)
2023	(15,014)
2024	(14,406)
2025	(8,879)
2026	(3,564)
2027+	(2,141)
Total	\$ (57,797)

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 - RISK MANAGEMENT, CLAIMS, JUDGMENTS AND CONTINGENCIES

Risk Management

The Village is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Claims, Judgments and Contingencies

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

NOTE 10 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Sewage Disposal System Fund as of June 30, 2021 consisted of the following:

	Sewage Disposal System Fund	Total Restricted Assets
Cash and cash equivalents	\$ 64,553	\$ 64,553
Special assessment receivables	17,547	17,547
Total	\$ 82,100	\$ 82,100

NOTE 11 - COVID 19

In March 2020 the governor of Michigan took measures to contain the spread of the COVID-19 virus, including travel bans, quarantines, social distancing, and closures of non-essential services. This has triggered significant disruptions to the economy. The Village has taken steps to reduce the negative effect on its financial position by taking cost reduction measures. As a result, the Village had a positive increase to the net position at June 30, 2021. The Village continues to carefully monitor the situation.

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 13, 2021, which is the date the financial statements were available to be issued.

Management has determined the ongoing COVID-19 events mentioned in Note 11 are non-adjusting subsequent events. Accordingly, the financial position and statement of activities as of and for the year ended June 30, 2021, have not been adjusted for their impact. The duration and impact of COVID-19 remains unclear at this time. While the Village is optimistic about continuing operations going forward, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and statement of activities of the Village for future periods.

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

VILLAGE OF PINCKNEY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 13 - UPCOMING GASB PRONOUNCEMENTS

GASB 87 - LEASES

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 87, Leases to improve the accounting and financial reporting of leases by governments. This Standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This Standard will require a lessee to recognize a lease liability and right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources.

The Village is currently assessing the impact that this Standard will have on the Village's financial statements, which will be required to be implemented for the statements for the year ended June 30, 2022.

GASB 89 - ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 89 to establish accounting requirements for interest costs that are incurred before the end of a construction period. This Standard will require interest costs incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As such, the interest will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Standard should be applied prospectively.

The Village is currently assessing the impact that this Standard will have on the Village's financial statements, which will be required to be implemented for the statements for the year ended June 30, 2022.

OTHER GASB STANDARDS

In addition to the above Standards, GASB has issued Standards No. 88, 90, 91, 92, 93, and 94. The Village has considered these standards and determined that they will not have any material impact on the Village's financial statements.

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, 2021

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 619,106	\$ 624,106	\$ 622,592	\$ (1,514)
State revenues	188,000	188,000	242,353	54,353
Charges for services	176,700	176,700	175,279	(1,421)
Charges to other governments and funds	51,510	51,510	72,023	20,513
Grants	20,000	20,000	55,578	35,578
Rents	90,000	90,000	105,764	15,764
Licenses, fines and permits	25,500	66,500	59,627	(6,873)
Franchise fees	16,500	16,500	16,436	(64)
Interest	4,500	4,500	4,308	(192)
Miscellaneous income	10,252	10,252	3,062	(7,190)
Total revenues	1,202,068	1,248,068	1,357,022	108,954
EXPENDITURES				
Village council	15,154	15,154	14,695	459
President	16,090	16,090	11,300	4,790
Clerk	49,395	50,395	50,389	6
Auditors	4,000	4,000	4,000	
Secretary	18,150	20,650	20,050	600
Treasurer	6,405	62,405	62,274	131
Elections	2,000	4,700	4,689	11
Buildings and grounds	25,787	28,787	28,108	679
Legal	12,500	44,500	43,157	1,343
Office overhead	92,327	55,327	56,169	(842)
Police	542,300	522,300	527,272	(4,972)
Public works	292,572	262,572	241,033	21,539
Street lights	12,500	12,500	11,868	632
Refuse, leaf, brush	236,200	166,200	155,599	10,601
Planning commission	13,820	54,820	45,440	9,380
Zoning department	49,488	54,488	54,821	(333)
Economic development	3,000	3,000	2,500	500
Parks and recreation	29,120	14,120	10,651	3,469
Total expenditures	1,420,808	1,392,008	1,344,015	47,993
Excess of revenues over (under) expenditures	(218,740)	(143,940)	13,007	156,947
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets			15,967	15,967
Transfers (out)	(14,380)	(14,380)		14,380
Total other financing sources	(14,380)	(14,380)	15,967	30,347
Net change in fund balance	(233,120)	(158,320)	28,974	187,294
FUND BALANCE, JULY 1, 2020	1,202,109	1,202,109	1,202,109	
FUND BALANCE, JUNE 30, 2021	\$ 968,989	\$ 1,043,789	\$ 1,231,083	\$ 187,294

VILLAGE OF PINCKNEY

MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 191,209	\$
Interest			934	
Total revenues	<u>172,250</u>	<u>172,250</u>	<u>192,143</u>	<u>19,893</u>
EXPENDITURES				
Labor			9,613	
Contracted services			2,769	
Repairs and maintenance			8,335	
Charges from other funds			3,992	
Other			3,284	
Total expenditures	<u>51,160</u>	<u>51,160</u>	<u>27,993</u>	<u>23,167</u>
Excess of revenues over (under) expenditures	121,090	121,090	164,150	43,060
OTHER FINANCING (USES)				
Transfers (out)	<u>(85,000)</u>	<u>(85,000)</u>	<u>(95,000)</u>	<u>(10,000)</u>
Net change in fund balance	36,090	36,090	69,150	33,060
FUND BALANCE, JULY 1, 2020	<u>607,602</u>	<u>607,602</u>	<u>607,602</u>	
FUND BALANCE, JUNE 30, 2021	<u>\$ 643,692</u>	<u>\$ 643,692</u>	<u>\$ 676,752</u>	<u>\$ 33,060</u>

VILLAGE OF PINCKNEY

LOCAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 81,564	\$
Interest			716	
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>82,280</u>	<u>12,280</u>
EXPENDITURES				
Labor			16,920	
Contracted services			1,175	
Repairs and maintenance			9,900	
Charges from other funds			10,189	
Other			5,758	
Total expenditures	<u>714,330</u>	<u>714,330</u>	<u>43,942</u>	<u>670,388</u>
Excess of revenues over (under) expenditures	<u>(644,330)</u>	<u>(644,330)</u>	<u>38,338</u>	<u>682,668</u>
OTHER FINANCING SOURCES				
Transfers in	<u>650,000</u>	<u>650,000</u>	<u>95,000</u>	<u>(555,000)</u>
Net change in fund balance	<u>5,670</u>	<u>5,670</u>	<u>133,338</u>	<u>127,668</u>
FUND BALANCE, JULY 1, 2020	<u>455,590</u>	<u>455,590</u>	<u>455,590</u>	
FUND BALANCE, JUNE 30, 2021	<u>\$ 461,260</u>	<u>\$ 461,260</u>	<u>\$ 588,928</u>	<u>\$ 127,668</u>

VILLAGE OF PINCKNEY

GENERAL HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$	\$	\$ 295,897	\$
PPT reimbursement			974	
Licenses, fines and permits			3,000	
Interest			496	
Right of way fees			9,123	
Total revenues	<u>310,250</u>	<u>310,250</u>	<u>309,490</u>	<u>(760)</u>
EXPENDITURES				
Other			35,970	
Debt service - principal			30,000	
Debt service - interest			8,750	
Total expenditures	<u>81,550</u>	<u>81,550</u>	<u>74,720</u>	<u>6,830</u>
Excess of revenues over (under) expenditures	228,700	228,700	234,770	6,070
OTHER FINANCING SOURCES				
Transfer (out)	<u>(565,000)</u>	<u>(565,000)</u>		565,000
Net change in fund balance	(336,300)	(336,300)	234,770	571,070
FUND BALANCE, JULY 1, 2020	<u>554,136</u>	<u>554,136</u>	<u>554,136</u>	
FUND BALANCE, JUNE 30, 2021	<u>\$ 217,836</u>	<u>\$ 217,836</u>	<u>\$ 788,906</u>	<u>\$ 571,070</u>

VILLAGE OF PINCKNEY

**DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male 2014 Group Annuity Mortality Table

Previous actuarial methods and assumptions:

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

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

VILLAGE OF PINCKNEY

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

VILLAGE OF PINCKNEY

OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

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

Notes to the schedule of contributions:

Valuation Date:	June 30, 2020
Actuarial methods:	Cost method: Entry Age Normal (level percentage of compensation). Amortization period: 20 years Asset valuation method: Equal to market value of assets.
Actuarial assumptions:	Discount rate: 6.0%; rationale: Matches expected return on assets. Payroll inflation: 2.75%; rationale: Per information provided by Village. Return on plan assets: 6.0%; rationale: Single blended rate of long term real rate of return per asset advisor increased with inflation. Mortality rates: Pub-2010 Annuitant tables

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

VILLAGE OF PINCKNEY

OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	For the Plan Year Ended June 30, 2021	For the Plan Year Ended June 30, 2020	For the Plan Year Ended June 30, 2019	For the Plan Year Ended June 30, 2018
TOTAL OPEB LIABILITY				
Service cost	\$ 3,500	\$ 4,066	\$ 3,957	\$ 9,867
Interest	7,386	8,121	7,435	9,812
Differences between expected and actual experience	(2,989)	2,117		(38,600)
Changes of assumptions		(26,273)		(8,290)
Benefit payments, including refunds of employee contributions				(18,909)
Net change in total OPEB liability	7,897	(11,969)	11,392	(46,120)
TOTAL OPEB LIABILITY - BEGINNING	121,348	133,317	121,925	168,045
TOTAL OPEB LIABILITY - ENDING	\$ 129,245	\$ 121,348	\$ 133,317	\$ 121,925
PLAN FIDUCIARY NET POSITION				
Contributions to OPEB trust	\$	\$	\$ 10,000	\$ 10,000
Net investment income	6,624	6,485	8,718	(431)
Differences between projected and actual earnings	24,439	(3,961)		
Benefit payments, including refunds of employee contributions				(18,909)
Administrative expenses	(229)	(198)	(201)	(223)
Net change in fiduciary net position	30,834	2,326	18,517	(9,563)
PLAN FIDUCIARY NET POSITION, BEGINNING	110,509	108,183	89,666	99,229
PLAN FIDUCIARY NET POSITION, ENDING	\$ 141,343	\$ 110,509	\$ 108,183	\$ 89,666
NET OPEB LIABILITY (ASSET)				
(TOTAL OPEB LIABILITY - PLAN FIDUCIARY NET POSITION)	\$ (12,098)	\$ 10,839	\$ 25,134	\$ 32,259
Plan fiduciary net position as a percentage of total OPEB liability	109.36%	91.07%	81.15%	73.54%
Covered employee payroll	\$ 314,336	\$ 305,923	\$ 292,525	\$ 284,696
Net OPEB liability (asset) as a percentage of covered employee payroll	-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.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY

COMBINING BALANCE SHEETS
 FUNDS INCLUDED IN GASB 54 CONSOLIDATION
 JUNE 30, 2021

	<u>General Fund Pre GASB 54 - Consolidation</u>	<u>Trust and Agency Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,136,333	\$ 31,575	\$ 1,167,908
Receivables			
Services	73,632		73,632
Taxes	429		429
Intergovernmental	44,440		44,440
Miscellaneous	8,842		8,842
Prepaid expenditures	32,515		32,515
Total assets	<u>\$ 1,296,191</u>	<u>\$ 31,575</u>	<u>\$ 1,327,766</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 65,108	\$	\$ 65,108
Due to others		31,575	\$ 31,575
Total liabilities	<u>65,108</u>	<u>31,575</u>	<u>96,683</u>
FUND BALANCES			
Nonspendable			
Prepaid items	32,515		32,515
Assigned			
Future budget deficit	403,229		403,229
Unassigned	795,339		795,339
Total fund balances	<u>1,231,083</u>		<u>1,231,083</u>
Total liabilities and fund balances	<u>\$ 1,296,191</u>	<u>\$ 31,575</u>	<u>\$ 1,327,766</u>

VILLAGE OF PINCKNEY

COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Cemetery Fund	Police Training Fund	Total
Assets			
Cash and investments	\$ 166,560	\$ 996	\$ 167,556
Prepaid expenditures	342		342
Total assets	<u>\$ 166,902</u>	<u>\$ 996</u>	<u>\$ 167,898</u>
Liabilities			
Accounts payable and accrued Expenditures	\$ 992	\$	\$ 992
Fund Balances			
Nonspendable			
Prepaid items	342		342
Corpus of permanent fund	44,072		44,072
Restricted			
Public safety		996	996
Committed			
Cemetery	121,496		121,496
Total fund balances	<u>165,910</u>	<u>996</u>	<u>166,906</u>
Total liabilities and fund balances	<u>\$ 166,902</u>	<u>\$ 996</u>	<u>\$ 167,898</u>

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, 2021

	General Fund Per GASB 54 Consolidation	Trust and Agency Fund	Total
REVENUES			
Taxes	\$ 622,592	\$	\$ 622,592
State revenues	242,353		242,353
Charges for services	175,279		175,279
Charges to other governments and funds	72,023		72,023
Grants	55,578		55,578
Rents	105,764		105,764
Licenses, fines and permits	25,946	33,681	59,627
Franchise fees	16,436		16,436
Interest	4,308		4,308
Other	3,062		3,062
Total revenues	<u>1,323,341</u>	<u>33,681</u>	<u>1,357,022</u>
EXPENDITURES			
Village council	14,695		14,695
President	11,300		11,300
Clerk	50,389		50,389
Auditors	4,000		4,000
Secretary	20,050		20,050
Treasurer	62,274		62,274
Elections	4,689		4,689
Buildings and grounds	28,108		28,108
Legal	43,157		43,157
Office overhead	56,169		56,169
Police	527,272		527,272
Public works	241,033		241,033
Street lights	11,868		11,868
Refuse, leaf, brush	155,599		155,599
Planning commission	11,759	33,681	45,440
Zoning department	54,821		54,821
Economic development	2,500		2,500
Parks and recreation	10,651		10,651
Total expenditures	<u>1,310,334</u>	<u>33,681</u>	<u>1,344,015</u>
Excess of revenues over (under) expenditures	13,007		13,007
OTHER FINANCING SOURCES			
Sale of Fixed Asset	15,967		15,967
Net change in fund balance	28,974		28,974
FUND BALANCE, JULY 1, 2020	<u>1,202,109</u>		<u>1,202,109</u>
FUND BALANCE, JUNE 30, 2021	<u>\$ 1,231,083</u>	<u>\$</u>	<u>\$ 1,231,083</u>

VILLAGE OF PINCKNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Cemetery Fund</u>	<u>Police Training Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 24,000	\$	\$ 24,000
Grants		558	558
Interest income	252		252
Total revenues	<u>24,252</u>	<u>558</u>	<u>24,810</u>
EXPENDITURES			
Current:			
Public safety		980	980
Cemetery	26,791		26,791
Total expenditures	<u>26,791</u>	<u>980</u>	<u>27,771</u>
Net change in fund balances	(2,539)	(422)	(2,961)
FUND BALANCE, JULY 1, 2020	<u>168,449</u>	<u>1,418</u>	<u>169,867</u>
FUND BALANCE, JUNE 30, 2021	<u>\$ 165,910</u>	<u>\$ 996</u>	<u>\$ 166,906</u>

**FUND FINANCIAL STATEMENTS
OF COMPONENT UNIT**

**DOWNTOWN DEVELOPMENT AUTHORITY
FUND FINANCIAL STATEMENTS**

VILLAGE OF PINCKNEY

DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
JUNE 30, 2021

ASSETS

Cash and investments \$ 244,542

LIABILITIES

Accounts payable \$ 9,046

Accrued expenditures 198

Total liabilities \$ 9,244

FUND BALANCE

235,298

Total liabilities and fund balance \$ 244,542

VILLAGE OF PINCKNEY

DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES

Property taxes	\$ 148,429
Charges for services	290
State revenues	3,601
Donations	15,000
Interest income	<u>220</u>

Total revenues 167,540

EXPENDITURES

Recreation and culture	<u>70,673</u>
------------------------	---------------

Total expenditures 70,673

Net change in fund balance 96,867

FUND BALANCE, JULY 1, 2020 138,431

FUND BALANCE, JUNE 30, 2021 \$ 235,298