

# VILLAGE OF PINCKNEY

---

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

DRAFT

# VILLAGE OF PINCKNEY

## OFFICIALS

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

## VILLAGE COUNCIL

Justin Bierman  
Rebecca Foster  
Ted Kinczkowski  
Linda Lavey  
Brian Matson  
Justin McInnes  
Scott Smith

## VILLAGE ATTORNEY

Cohl, Stoker, & Toskey, P.C.

## VILLAGE AUDITORS

Pfeffer, Hanniford & Palka  
Certified Public Accountants

## TABLE OF CONTENTS

### PAGE NUMBER

#### **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

#### **REQUIRED SUPPLEMENTARY INFORMATION**

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

DRAFT

**INDEPENDENT AUDITORS' REPORT**

November 14, 2022

To the Village Council  
Village of Pinckney  
220 South Howell St.  
Pinckney, MI 48169**Report on the Audit of the Financial Statements****Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pinckney, Michigan, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pinckney, Michigan, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-15 and 59-62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

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

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reported dated November 14, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

DRAFT

**MANAGEMENT DISCUSSION AND ANALYSIS**



## Management Discussion and Analysis June 30, 2022

---

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, 2022. 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 \$15,131,209 (net position). Of this amount, \$5,371,902 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets decreased by \$25,496.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$3,872,032, an increase of \$419,457 in comparison with the prior year. The combined ending fund balance consists of non-spendable items (2.2%), restricted amounts (66.5%), committed amounts per Village Council (3.4%), assigned amounts (7.7%), and unassigned fund balance of \$787,616 (20.3%) which is available for spending at the government's discretion.

The Village of Pinckney's total long-term obligations increased by \$362,622 during the current year, as a result of additional borrowings of \$497,076, annual principal payments of \$135,211 and an overall increase in compensated absences of \$757.

### **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 \$15,131,209. This is a \$25,496 decrease over the net position of \$15,156,705 reported for the year ended June 30, 2021. A significant portion of the Village's net position, \$7,080,830 (46.8%), 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, \$2,678,360 (17.7%), 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 \$5,372,019 (35.5%) may be used to meet the Village's ongoing obligations to citizens and creditors.

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

**Summary of Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
<b>ASSETS</b>						
Current and other assets	\$ 4,607,340	\$ 3,571,729	\$ 4,955,544	\$ 4,729,768	\$ 9,562,884	\$ 8,301,497
Capital assets	2,430,858	2,613,518	8,477,981	8,736,122	10,908,839	11,349,640
<b>Total assets</b>	7,038,198	6,185,247	13,433,525	13,465,890	20,471,723	19,651,137
<b>DEFERRED OUTFLOW OF RESOURCES</b>		80,679		19,505		100,184
<b>LIABILITIES</b>						
Other liabilities	388,977	186,539	144,645	368,200	533,622	554,739
Long-term liabilities	743,885	814,374	3,576,061	3,167,706	4,319,946	3,982,080
<b>Total liabilities</b>	1,132,862	1,000,913	3,720,706	3,535,906	4,853,568	4,536,819
<b>DEFERRED INFLOW OF RESOURCES</b>	474,924	57,797	12,022		486,946	57,797
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	2,140,858	2,259,307	4,939,972	5,624,187	7,080,830	7,883,494
Restricted	2,572,876	2,055,367	105,484	82,100	2,678,360	2,137,467
Unrestricted	716,678	892,542	4,655,341	4,243,202	5,372,019	5,135,744
<b>Total net position</b>	\$ 5,430,412	\$ 5,207,216	\$ 9,700,797	\$ 9,949,489	\$ 15,131,209	\$ 15,156,705

### Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 222,572	\$ 199,279	\$ 785,100	\$ 799,907	\$ 1,007,672	\$ 999,186
Operating grants and contributions	705	56,136		10,310	705	66,446
General revenues:						
Property taxes	936,115	918,489			936,115	918,489
State shared revenues	553,526	516,100			553,526	516,100
Grant revenue			59,452	98,471	59,452	98,471
Interest income	13,029	6,706	5,154	7,535	18,183	14,241
Other	364,668	269,035	(35,325)	22,323	329,343	291,358
Gain (loss) from disposal of capital assets	5,916	15,967		2,357	5,916	18,324
<b>Total revenues</b>	<b>2,096,531</b>	<b>1,981,712</b>	<b>814,381</b>	<b>940,903</b>	<b>2,910,912</b>	<b>2,922,615</b>
<b>EXPENSES</b>						
General government	425,155	413,569			425,155	413,569
Public safety	620,506	573,851			620,506	573,851
Public works	795,808	666,837			795,808	666,837
Cemetery	23,519	18,814			23,519	18,814
Recreation and culture						
Interest on long-term debt	8,347	12,245			8,347	12,245
Water system			342,259	360,267	342,259	360,267
Sewer system			720,814	744,576	720,814	744,576
<b>Total expenses</b>	<b>1,873,335</b>	<b>1,685,316</b>	<b>1,063,073</b>	<b>1,104,843</b>	<b>2,936,408</b>	<b>2,790,159</b>
<b>Change in net position</b>	<b>223,196</b>	<b>296,396</b>	<b>(248,692)</b>	<b>(163,940)</b>	<b>(25,496)</b>	<b>132,456</b>
<b>Beginning net position</b>	<b>5,207,216</b>	<b>4,910,820</b>	<b>9,949,489</b>	<b>10,113,429</b>	<b>15,156,705</b>	<b>15,024,249</b>
<b>Ending net position</b>	<b>\$ 5,430,412</b>	<b>\$ 5,207,216</b>	<b>\$ 9,700,797</b>	<b>\$ 9,949,489</b>	<b>\$ 15,131,209</b>	<b>\$ 15,156,705</b>

Governmental activities increased the Village's net position by \$223,196. The \$223,196 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 \$248,692.

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

The Village's General Fund had expenditures over revenues, before other financing sources (uses), totaling \$1,042 this year.

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

The General Highway Fund had revenues over expenditures, before other financing sources (uses), totaling \$250,829. This was primarily due to efficient management of road expenditures.

The Major Street Fund had revenues over expenditures, before other financing sources (uses), totaling \$105,544.

The Local Street Fund had revenues over expenditures, before other financing sources (uses), totaling \$4,941.

The American Rescue Plan Act Fund (ARPA Fund) accounts for receiving and spending the federal grants applicable to the American Rescue Act Plan. No monies were spent in fiscal year 2022.

The Village's two major proprietary funds, Sewage Disposal System Fund and Village Water Fund, had an aggregated decrease in net position of \$248,692. The net position of the Sewage Disposal System Fund decreased by \$168,469, due to charges for services not keeping pace with expense. The net position of the Village Water Fund decreased by \$80,223, due to an operating loss of \$88,842 offset by miscellaneous income of \$8,619. The unrestricted net position of the combined proprietary funds at the end of the year amounted to \$4,655,341 restricted assets amounted to \$105,484, and capital assets net of related debt amounted to \$4,939,972.

#### **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, 2022 amounted to \$10,908,839 (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:

- Village renovations
- Purchase of a Dodge Charger
- Completion of a pump station and force main replacement and screening building 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, 2022**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Land	\$ 48,285	\$ 134,216	\$ 182,501
Construction in progress			
Buildings and improvements	450,483	291,570	742,053
Machinery and equipment	867,867	732,004	1,599,871
Road infrastructure	3,612,374		3,612,374
Sewer infrastructure		10,628,267	10,628,267
Water infrastructure		4,628,346	4,628,346
Vehicles		58,091	58,091
<b>Subtotal</b>	<b>4,979,009</b>	<b>16,472,494</b>	<b>21,451,503</b>
Accumulated depreciation	(2,548,151)	(7,994,513)	(10,542,664)
<b>Net capital assets</b>	<b>\$ 2,430,858</b>	<b>\$ 8,477,981</b>	<b>\$ 10,908,839</b>

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 \$3,828,011. The Village's total debt (excluding compensated absences) increased by \$361,865, which consisted of additional borrowings of \$497,076, offset by repayments on existing debt of \$135,211.

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 2022-23 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 2022-23 fiscal year include directing the expenditure of \$254,315 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.



DRAFT

**BASIC FINANCIAL STATEMENTS**

DRAFT

**GOVERNMENT - WIDE FINANCIAL STATEMENTS**

VILLAGE OF PINCKNEY

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 4,010,031	\$ 4,445,996	\$ 8,456,027	\$ 305,227
Receivables:				
Leases	310,992		310,992	
Accounts	80,989	329,714	410,703	
Other governments	90,740		90,740	
Grants		14,348	14,348	
Miscellaneous	6,853		6,853	
Prepaid expenses	32,414	6,968	39,382	
Deposits		8,520	8,520	
Inventory		44,514	44,514	
Net other post employment benefits obligation	75,321		75,321	
Restricted:				
Cash and cash equivalents		91,447	91,447	
Special assessments receivable		14,037	14,037	
Capital assets:				
Non-depreciable	48,285	134,216	182,501	96,665
Depreciable, net	2,382,573	8,343,765	10,726,338	334,839
<b>Total assets</b>	<b>7,038,198</b>	<b>13,433,525</b>	<b>20,471,723</b>	<b>736,731</b>

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	50,616	72,645	123,261	1,500
Due to others	33,017		33,017	
Unearned revenue	254,315		254,315	
Long-term obligations:				
Compensated absences	16,029		16,029	
Current portion of long-term debt	35,000	72,000	107,000	
Net other post employment benefits obligation				
Net pension liability	488,885	110,052	598,937	5,291
Other due in more than one year	255,000	3,466,009	3,721,009	
<b>Total liabilities</b>	<b>1,132,862</b>	<b>3,720,706</b>	<b>4,853,568</b>	<b>6,791</b>

<b>DEFERRED INFLOW OF RESOURCES</b>				
Pension liability, net	53,399	12,022	65,421	578
Deferred inflows of resources - leases	322,039		322,039	
OPEB liability, net	99,486		99,486	
<b>Total deferred inflow of resources</b>	<b>474,924</b>	<b>12,022</b>	<b>486,946</b>	<b>578</b>

<b>NET POSITION</b>				
Net investment in capital assets	2,140,858	4,939,972	7,080,830	431,504
Restricted:				
Public safety	157,308		157,308	
Public works	2,415,568		2,415,568	
USDA Revenue Bond, Series 2018 Bond and Interest Redemption Reserve		42,038	42,038	
USDA Revenue Bond, Series 2020 Bond and Interest Redemption Reserve		1,788	1,788	
USDA Revenue Bond, Series 2018 Repair, Replacement, Improvement Reserve		47,621	47,621	
Special Assessments		14,037	14,037	
Unrestricted	716,678	4,655,341	5,372,019	297,858
<b>Total net position</b>	<b>\$ 5,430,412</b>	<b>\$ 9,700,797</b>	<b>\$ 15,131,209</b>	<b>\$ 729,362</b>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

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	
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities</b>							
General government	\$ (425,155)	\$	\$ 705	\$ (424,450)	\$	\$ (424,450)	\$
Public safety	(620,506)			(620,506)		(620,506)	
Public works	(795,808)			(795,808)		(795,808)	
Cemetery	(23,519)	222,572		199,053		199,053	
Interest on long-term debt	(8,347)			(8,347)		(8,347)	
<b>Total governmental activities</b>	<b>(1,873,335)</b>	<b>222,572</b>	<b>705</b>	<b>(1,650,058)</b>		<b>(1,650,058)</b>	
<b>Business-type Activities</b>							
Water system	(342,259)	253,417			(88,842)	(88,842)	
Sewer system	(720,814)	531,683			(189,131)	(189,131)	
<b>Total business-type activities</b>	<b>(1,063,073)</b>	<b>785,100</b>			<b>(277,973)</b>	<b>(277,973)</b>	
<b>Total primary government</b>	<b>\$ (2,936,408)</b>	<b>\$ 1,007,672</b>	<b>\$ 705</b>	<b>(1,650,058)</b>	<b>(277,973)</b>	<b>(1,928,031)</b>	
<b>COMPONENT UNIT</b>							
Downtown Development Authority	\$ (93,560)	\$ 1,045	\$				(92,515)
<b>General revenues:</b>							
				936,115		936,115	155,925
				553,526		553,526	4,473
				13,029	5,154	18,183	156
					59,452	59,452	
				100,870		100,870	
				5,916		5,916	
				263,798	(35,325)	228,473	
<b>Total general revenues</b>				<b>1,873,254</b>	<b>29,281</b>	<b>1,902,535</b>	<b>160,554</b>
<b>Changes in net position</b>				<b>223,196</b>	<b>(248,692)</b>	<b>(25,496)</b>	<b>68,039</b>
<b>Net position, July 1, 2021</b>				<b>5,207,216</b>	<b>9,949,489</b>	<b>15,156,705</b>	<b>661,323</b>
<b>Net position, June 30, 2022</b>				<b>\$ 5,430,412</b>	<b>\$ 9,700,797</b>	<b>\$ 15,131,209</b>	<b>\$ 729,362</b>

DRAFT

**FUND FINANCIAL STATEMENTS**

VILLAGE OF PINCKNEY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	ARPA Fund	Nonmajor Funds	Total
<b>ASSETS</b>							
Cash, cash equivalents and investments	\$ 1,369,679	\$ 650,112	\$ 688,957	\$ 1,041,548	\$	\$ 259,735	\$ 4,010,031
Receivables							
Leases	310,992						310,992
Services						80,989	80,989
Intergovernmental	46,333	31,126	13,281				90,740
Miscellaneous	6,853						6,853
Due from other funds					254,315		254,315
Prepaid expenditures	31,662	95	237			420	32,414
<b>Total assets</b>	<b>\$ 1,765,519</b>	<b>\$ 681,333</b>	<b>\$ 702,475</b>	<b>\$ 1,041,548</b>	<b>\$ 254,315</b>	<b>\$ 341,144</b>	<b>\$ 4,786,334</b>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 39,195	\$ 957	\$ 6,686	\$ 1,813	\$	\$ 1,965	\$ 50,616
Due to others	33,017						33,017
Unearned revenues					254,315		254,315
Due to other funds	254,315						254,315
<b>Total liabilities</b>	<b>326,527</b>	<b>957</b>	<b>6,686</b>	<b>1,813</b>	<b>254,315</b>	<b>1,965</b>	<b>592,263</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows of resources - leases	322,039						322,039
<b>FUND BALANCES</b>							
Nonspendable							
Prepaid items	31,662	95	237			313	32,307
Corpus of permanent fund						51,822	51,822
Restricted							
Public safety						157,308	157,308
Public works		680,281	695,552	1,039,735			2,415,568
Committed							
Cemetery						129,736	129,736
Assigned							
Future budget deficit	297,675						297,675
Unassigned	787,616						787,616
<b>Total fund balances</b>	<b>1,116,953</b>	<b>680,376</b>	<b>695,789</b>	<b>1,039,735</b>		<b>339,179</b>	<b>3,872,032</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,765,519</b>	<b>\$ 681,333</b>	<b>\$ 702,475</b>	<b>\$ 1,041,548</b>	<b>\$ 254,315</b>	<b>\$ 341,144</b>	<b>\$ 4,786,334</b>

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, 2022

<b>Total governmental fund balances</b>		\$ 3,872,032
Amounts reported for governmental activities in the statement of net position because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The amount is net of accumulated depreciation of \$2,548,151:		2,430,858
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	\$ (290,000)	
Other post-employment benefits	75,321	
Compensated absences	(16,029)	
Net pension liability	(488,885)	
Deferred outflows related to net pension liability	(53,399)	
Deferred inflows related to OPEB liability	(99,486)	
		<u>(872,478)</u>
<b>Net position of governmental activities</b>		<u>\$ 5,430,412</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, 2022

<b>Total component unit fund balances</b>		\$ 303,727
<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 \$288,832:</p>		431,504
<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	\$ (5,291)	
Deferred outflows related to net pension liability	(578)	
		<u>(5,869)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 729,362</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, 2022**

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Nonmajor Funds	Total
<b>REVENUES</b>						
Taxes	\$ 628,469	\$	\$	\$ 307,646	\$	\$ 936,115
State revenues	264,496	201,840	86,118	1,072		553,526
Charges for services					222,572	222,572
Charges to other governments and funds	136,802					136,802
Grants	705					705
Rents	94,214					94,214
Licenses, fines and permits	105,272			3,250		108,522
Franchise and liquor control fees	6,656					6,656
Interest	11,380	635	503	340	171	13,029
Other	8,847	56	227			9,130
Right of way fees				9,344		9,344
<b>Total revenues</b>	<b>1,256,841</b>	<b>202,531</b>	<b>86,848</b>	<b>321,652</b>	<b>222,743</b>	<b>2,090,615</b>
<b>EXPENDITURES</b>						
Current:						
General government	401,676					401,676
Public safety	545,192					545,192
Public works	197,907	96,987	81,907	33,386	146,514	556,701
Cemetery					22,960	22,960
Capital outlay:						
Cemetery	77,987					77,987
Debt service:						
Principal	34,211			30,000		64,211
Interest and fiscal charges	910			7,437		8,347
<b>Total expenditures</b>	<b>1,257,883</b>	<b>96,987</b>	<b>81,907</b>	<b>70,823</b>	<b>169,474</b>	<b>1,677,074</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,042)</b>	<b>105,544</b>	<b>4,941</b>	<b>250,829</b>	<b>53,269</b>	<b>413,541</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	5,916					5,916
Transfers in	996		101,920		120,000	222,916
Transfers (out)	(120,000)	(101,920)			(996)	(222,916)
<b>Total other financing sources (uses)</b>	<b>(113,088)</b>	<b>(101,920)</b>	<b>101,920</b>		<b>119,004</b>	<b>5,916</b>
<b>Net changes in fund balances</b>	<b>(114,130)</b>	<b>3,624</b>	<b>106,861</b>	<b>250,829</b>	<b>172,273</b>	<b>419,457</b>
<b>FUND BALANCE, JULY 1, 2021</b>	<b>1,231,083</b>	<b>676,752</b>	<b>588,928</b>	<b>788,906</b>	<b>166,906</b>	<b>3,452,575</b>
<b>FUND BALANCE, JUNE 30, 2022</b>	<b>\$ 1,116,953</b>	<b>\$ 680,376</b>	<b>\$ 695,789</b>	<b>\$ 1,039,735</b>	<b>\$ 339,179</b>	<b>\$ 3,872,032</b>

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, 2022

<b>Net change in fund balances - governmental funds</b>		\$ 419,457
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	\$ 77,987	
Depreciation expense	<u>(260,647)</u>	(182,660)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of position:		
		64,211
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	(757)	
Change in net pension obligation	(98,589)	
Change in net OPEB obligation	<u>21,534</u>	
		<u>(77,812)</u>
<b>Change in net position of governmental activities</b>		<u>\$ 223,196</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, 2022

<b>Net change in fund balances - governmental funds</b>	\$ 68,429
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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:</p>	
Capital Outlay	26,335
Depreciation expense	(25,141)
<p>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:</p>	
Net pension liability	<u>(1,584)</u>
<b>Change in net position of component unit activities</b>	<u><u>\$ 68,039</u></u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2022

	Sewage Disposal System Fund	Village Water Fund	Totals
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,336,902	\$ 1,658,986	\$ 2,995,888
Investments	618,391	831,717	1,450,108
Accounts receivable	232,972	96,742	329,714
Grants receivable	14,348		14,348
Prepaid expenses	5,372	1,596	6,968
Deposits	8,520		8,520
Inventory		44,514	44,514
<b>Total current assets</b>	<b>2,216,505</b>	<b>2,633,555</b>	<b>4,850,060</b>
<b>NONCURRENT ASSETS</b>			
Restricted special assessment receivable	14,037		14,037
Restricted cash and cash equivalents	91,447		91,447
Capital assets not being depreciated	134,216		134,216
Capital assets being depreciated	6,560,009	1,783,756	8,343,765
<b>Total noncurrent assets</b>	<b>6,799,709</b>	<b>1,783,756</b>	<b>8,583,465</b>
<b>Total assets</b>	<b>9,016,214</b>	<b>4,417,311</b>	<b>13,433,525</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	62,660	9,985	72,645
Bonds payable - current portion	72,000		72,000
<b>Total current liabilities</b>	<b>134,660</b>	<b>9,985</b>	<b>144,645</b>
<b>LONG-TERM OBLIGATIONS</b>			
Net pension liability	62,466	47,586	110,052
Bonds payable	3,466,009		3,466,009
<b>Total long-term obligations</b>	<b>3,528,475</b>	<b>47,586</b>	<b>3,576,061</b>
<b>Total liabilities</b>	<b>3,663,135</b>	<b>57,571</b>	<b>3,720,706</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred charge on pension liability	6,824	5,198	12,022
<b>Total liabilities and deferred inflow</b>	<b>3,669,959</b>	<b>62,769</b>	<b>3,732,728</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	3,156,216	1,783,756	4,939,972
Restricted:			
USDA Revenue Bond, Series 2018 Bond and Interest Redemption Reserve	42,038		42,038
USDA Revenue Bond, Series 2020 Bond and Interest Redemption Reserve	1,788		1,788
USDA Revenue Bond, Series 2018 Repair, Replacement, Improvement Reserve	47,621		47,621
Special Assessments	14,037		14,037
Unrestricted	2,084,555	2,570,786	4,655,341
<b>Total net position</b>	<b>\$ 5,346,255</b>	<b>\$ 4,354,542</b>	<b>\$ 9,700,797</b>

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, 2022

	Sewage Disposal System Fund	Village Water Fund	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 531,683	\$ 253,417	\$ 785,100
<b>OPERATING EXPENSES</b>	<u>647,276</u>	<u>342,259</u>	<u>989,535</u>
<b>Operating income (loss)</b>	<u>(115,593)</u>	<u>(88,842)</u>	<u>(204,435)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	2,601	2,553	5,154
Interest (expense)	(73,538)		(73,538)
State grant	59,452		59,452
Other (expense) income	(41,391)	6,066	(35,325)
<b>Total non-operating revenues</b>	<u>(52,876)</u>	<u>8,619</u>	<u>(44,257)</u>
<b>INCOME BEFORE CONTRIBUTIONS</b>	(168,469)	(80,223)	(248,692)
<b>CAPITAL CONTRIBUTIONS, TAP IN &amp; GRANTS</b>			
<b>Change in net position</b>	(168,469)	(80,223)	(248,692)
<b>NET POSITION JULY 1, 2021</b>	<u>5,514,724</u>	<u>4,434,765</u>	<u>9,949,489</u>
<b>NET POSITION JUNE 30, 2022</b>	<u>\$ 5,346,255</u>	<u>\$ 4,354,542</u>	<u>\$ 9,700,797</u>

The notes are an integral part of the financial statements.

**VILLAGE OF PINCKNEY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**

	Sewage Disposal System Fund	Village Water Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 594,451	\$ 248,504	\$ 842,955
Cash payments to employees for services	(70,068)	(45,397)	(115,465)
Cash payments to suppliers of goods and services	(600,855)	(143,028)	(743,883)
<b>Net cash provided by operating activities</b>	<b>(76,472)</b>	<b>60,079</b>	<b>(16,393)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Investment activity	384,688	407,761	792,449
Purchase of fixed assets	(92,447)	(6,779)	(99,226)
Special assessments collected	3,510		3,510
Principal and interest paid on capital debt	(144,538)		(144,538)
Proceeds from borrowings	475,000		475,000
Other (expense) income	(41,391)	6,066	(35,325)
<b>Net cash (used in) capital and related financing activities</b>	<b>584,822</b>	<b>407,048</b>	<b>991,870</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on cash and cash equivalents	824	1,108	1,932
<b>Net increase in cash and cash equivalents</b>	<b>509,174</b>	<b>468,235</b>	<b>977,409</b>
<b>CASH AND CASH EQUIVALENTS AT JULY 1, 2021</b>	<b>919,175</b>	<b>1,190,751</b>	<b>2,109,926</b>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2022</b>	<b>\$ 1,428,349</b>	<b>\$ 1,658,986</b>	<b>\$ 3,087,335</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (115,593)	\$ (88,842)	\$ (204,435)
Adjustments to reconcile operating income to net cash from (used in) operating activities			
Depreciation	213,157	144,210	357,367
Pension	2,270	12,536	14,806
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	62,768	(4,913)	57,855
(Increase) decrease in prepaid expenses	(1,491)	190	(1,301)
(Increase) decrease in deposits	(8,520)		(8,520)
(Increase) decrease in inventory		(7,609)	(7,609)
(Decrease) increase in accounts payable	(226,355)	5,260	(221,095)
(Decrease) increase in accrued expense	(2,707)	(753)	(3,460)
<b>Total adjustments</b>	<b>39,122</b>	<b>148,921</b>	<b>188,043</b>
<b>Net cash from operating activities</b>	<b>\$ (76,471)</b>	<b>\$ 60,079</b>	<b>\$ (16,392)</b>

The notes are an integral part of the financial statements.

DRAFT

**NOTES TO FINANCIAL STATEMENTS**

## VILLAGE OF PINCKNEY

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

#### **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, 2022

**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, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

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

The Village reports the following major proprietary funds:

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

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

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

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

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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, 2022

**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, 2022 the Village has accrued \$16,029 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, 2022

**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, 2022

**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, 2021 taxable valuation of the Village totaled \$86,336,330.

The Village levies the following millages:

General Village	8.1723
General Highway	<u>4.0000</u>
Total millage	<u>12.1723</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, 2022

**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, 2022 deposits and investments consist of the following:

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

<b>Deposits</b>	<b>Total</b>	<b>Cash</b>	<b>Investments</b>
Checking accounts	\$ 2,635,746	\$ 2,635,746	\$
Money market and savings account	3,921,377	3,921,377	
Non-negotiable certificates of deposit	2,334,131		2,334,131
Total deposits	<u>\$ 8,891,254</u>	<u>\$ 6,557,123</u>	<u>\$ 2,334,131</u>

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

	<b>Primary Government</b>	<b>Component Unit</b>
Statement of Net Position		
Cash and investments	\$ 8,456,027	\$ 305,227
Restricted Cash	91,447	
<b>Total cash and investments</b>	<u>\$ 8,547,474</u>	<u>\$ 305,227</u>

The differences between the carrying amount of cash and the balances per the financial institutions as of June 30, 2022 stem from outstanding checks, petty cash and accrued interest.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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, 2022 deposits in banks totaled \$8,891,254, which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 3,229,992
Uninsured and collateralized	1,576,893
Uninsured and uncollateralized	<u>4,084,369</u>
	<u>\$ 8,891,254</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, 2022

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables and payables at June 30, 2022. 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, 2022 were as follows:

<u>Fund Receiving Resources</u>	<u>Fund Providing Resources</u>	<u>Amount</u>
General Fund	Police Training Fund	\$ 996
Local Street Fund	Major Street Fund	101,920
Refuse Collection Fund	General Fund	120,000

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

**PRIMARY GOVERNMENT**

Governmental activities	Balance July 1, 2021	Additions	Deletions	Reclassification	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 48,285	\$	\$	\$	\$ 48,285
Construction in progress					
Subtotal	48,285				48,285
Other capital assets:					
Buildings and improvements	412,083	38,400			450,483
Machinery and equipment	859,008	39,587	(30,728)		867,867
Road infrastructure	3,612,374				3,612,374
Subtotal	4,883,465	77,987	(30,728)		4,930,724
Less accumulated depreciation for:					
Buildings and improvements	(208,614)	(11,852)			(220,466)
Machinery and equipment	(497,915)	(68,176)	30,728		(535,363)
Road infrastructure	(1,611,703)	(180,619)			(1,792,322)
Subtotal	(2,318,232)	(260,647)	30,728		(2,548,151)
Other capital assets, net	2,565,233	(182,660)			2,382,573
Net capital assets	<u>\$ 2,613,518</u>	<u>\$ (182,660)</u>	<u>\$</u>	<u>\$</u>	2,430,858
Related long-term debt outstanding at June 30, 2022:					<u>(290,000)</u>
Governmental capital assets, net of related debt:					<u>\$ 2,140,858</u>

Depreciation expense was charged to the following governmental activities:

	<u>Depreciation</u>
General government	\$ 5,338
Public works	230,988
Public safety	24,321
Total depreciation expense	<u>\$ 260,647</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 5 - CAPITAL ASSETS - continued**

**PRIMARY GOVERNMENT - continued**

Business-type activities	Balance July 1, 2021	Additions	Deletions	Reclassification	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 134,216	\$	\$	\$	\$ 134,216
Construction in progress	3,233,786	142,564		(3,376,350)	
Subtotal	3,368,002	142,564		(3,376,350)	134,216
Other capital assets:					
Buildings	291,570				291,570
Vehicles	58,091				58,091
Equipment	725,225	6,779			732,004
Sewer infrastructure	7,251,917			3,376,350	10,628,267
Water infrastructure	4,628,346				4,628,346
Subtotal	12,955,149	6,779		3,376,350	16,338,278
Less accumulated depreciation for:					
Buildings	(63,115)	(7,477)			(70,592)
Vehicles	(58,091)				(58,091)
Equipment	(435,040)	(52,587)			(487,627)
Sewer infrastructure	(4,054,570)	(176,144)			(4,230,714)
Water infrastructure	(3,026,331)	(121,158)			(3,147,489)
Subtotal	(7,637,147)	(357,366)			(7,994,513)
Other capital assets, net	5,318,002	(350,587)		3,376,350	8,343,765
Net capital assets	<u>\$ 8,686,004</u>	<u>\$ (208,023)</u>	<u>\$</u>	<u>\$</u>	8,477,981
Related long-term debt outstanding at June 30, 2022:					<u>(3,111,935)</u>
Business-type capital assets, net of related debt					<u>\$ 5,366,046</u>

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

	<u>Depreciation</u>
Sewer service	\$ 213,156
Water service	144,210
Total depreciation expense	<u>\$ 357,366</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS - continued

**COMPONENT UNIT**

<b>Downtown Development Authority</b>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Capital assets not being depreciated:				
Land	\$ 96,665	\$	\$	\$ 96,665
Other capital assets:				
Infrastructure	597,336	26,335		623,671
Less accumulated depreciation for:				
Infrastructure	<u>(263,691)</u>	<u>(25,141)</u>		<u>(288,832)</u>
Other capital assets, net	<u>333,645</u>	<u>1,194</u>		<u>334,839</u>
Net capital assets	<u>\$ 430,310</u>	<u>\$ 1,194</u>	<u>\$</u>	<u>\$ 431,504</u>

Depreciation expense was charged to the following component unit activity:

Recreation and culture	<u>\$ 25,141</u>
------------------------	------------------

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amount Due in One Year
<b>Primary Government</b>					
<b>Government Activities</b>					
2010 General Obligation Bonds	\$ 320,000	\$	\$ 30,000	\$ 290,000	\$ 35,000
Installment agreement obligations	34,211		34,211		
Compensated absences	15,272	8,839	8,082	16,029	4,103
<b>Total government activities</b>	<b>369,483</b>	<b>8,839</b>	<b>72,293</b>	<b>306,029</b>	<b>39,103</b>
<b>Business-type Activities</b>					
2013 General Obligation Capital Improvement Bonds	252,010		15,000	237,010	15,000
2020 Sanitary Sewer Bonds	25,000	475,000	9,000	491,000	9,000
2018 Rural Development Revenue Bonds	2,834,925	22,076	47,000	2,810,001	48,000
<b>Total business-type activities</b>	<b>3,111,935</b>	<b>497,076</b>	<b>71,000</b>	<b>3,538,011</b>	<b>72,000</b>
<b>Total Primary Government</b>	<b>\$ 3,481,418</b>	<b>\$ 505,915</b>	<b>\$ 143,293</b>	<b>\$ 3,844,040</b>	<b>\$ 111,103</b>

The Village's long-term obligations as of June 30, 2022, 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, 2022:

**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.

\$ 290,000

**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.

237,010

Total general obligation bonds

\$ 527,010

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 6 - LONG-TERM OBLIGATIONS - continued**

As of June 30, 2022 the remaining debt service maturities on the general obligation bonds and installment agreement obligations of the Village are as follows:

Fiscal Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 35,000	\$ 7,250	\$ 72,000	\$ 79,355
2024	35,000	6,375	78,000	77,684
2025	35,000	5,500	80,000	75,928
2026	35,000	4,625	81,000	74,137
2027	35,000	3,750	82,000	72,321
2028-2032	115,000	5,875	434,000	333,185
2033-2037			415,010	284,203
2038-2042			419,000	237,755
2043-2047			471,000	186,569
2048-2051			527,000	129,056
2052-2056			590,000	64,680
2057-2059			289,001	6,994
	<u>\$ 290,000</u>	<u>\$ 33,375</u>	<u>\$ 3,538,011</u>	<u>\$ 1,621,867</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. \$ 2,810,001

**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. \$ 491,000

**Compensated Absences**

Employees have rights upon termination of employment to receive payments for unused vacation time. The total dollar amounts of these rights amounted to \$16,029 and have been recorded in the government-wide financial statements at June 30, 2022.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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](http://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, 2021 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	8	1
Inactive employees entitled to but not yet receiving benefits	7	1
Active employees	<u>10</u>	<u>0</u>
<b>Total</b>	<u><u>25</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, 2022 the rate was 16.42% and the fixed amount was \$2,086 per month for the period July 1, 2020 through February 28, 2021, and a rate of 19.43% and fixed amount of \$293 per month is effective for the period March 1, 2021 through June 30, 2022.

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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, 2021.

***Actuarial assumptions***

The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.

Salary Increases: 3.0% in the long term.

Investment rate of return: 7.0%, net of investment expense, including inflation.

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

Mortality rates used were based on the 2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study from 2015.

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

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



VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 7 - DEFINED BENEFIT PENSION PLAN - continued**

**Discount Rate**

The discount rate used to measure the total pension liability is 7.25% for 2021. 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**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balance at 12/31/2020</b>	\$ 3,967,216	\$ 3,311,005	\$ 656,211
<b>Changes for the year</b>			
Service cost	74,292		74,292
Interest on total pension liability	284,453		284,453
Changes in benefits			
Difference between expected and actual experience	5,994		5,994
Changes in assumptions	163,365		163,365
Employer contributions		109,381	(109,381)
Employee contributions		21,807	(21,807)
Net investment income		467,314	(467,314)
Benefit payments, including employee refunds	(179,752)	(179,752)	
Administrative expense		(5,364)	5,364
Other changes	13,048		13,048
<b>Net changes</b>	<u>361,400</u>	<u>413,386</u>	<u>(51,986)</u>
<b>Balances as of 12/31/2021</b>	<u>\$ 4,328,616</u>	<u>\$ 3,724,391</u>	<u>\$ 604,225</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 7 - DEFINED BENEFIT PENSION PLAN - continued**

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>6.25%</b>	<b>Rate</b>	<b>8.25%</b>
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Net Pension Liability at 12/31/2021	\$ 604,225	\$ 604,225	\$ 604,225
Change in Net Pension Liability (NPL) from change in discount rate	<u>529,661</u>	<u>                    </u>	<u>(441,252)</u>
Calculated NPL	<u>\$ 1,133,886</u>	<u>\$ 604,225</u>	<u>\$ 162,973</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, 2022, the Village recognized pension expense of \$193,980. The Village reported deferred outflow and inflow of resources related to pensions from the following sources:

	<b>Deferred</b>	<b>Deferred</b>	<b>Total</b>
	<b>Outflow of</b>	<b>Inflow of</b>	
	<b>Resources</b>	<b>Resources</b>	
Differences in experience	\$ 19,601	\$	\$ 19,601
Differences in assumptions	118,826		118,826
Excess (Deficit) of Investment Returns	<u>                    </u>	<u>(275,357)</u>	<u>(275,357)</u>
<b>Total to be amortized as pension expense</b>	138,427	(275,357)	(136,930)
Contributions subsequent to the measurement date	<u>70,932</u>	<u>                    </u>	<u>70,932</u>
<b>Total deferred outflows (inflows)</b>	<u>\$ 209,359</u>	<u>\$ (275,357)</u>	<u>\$ (65,998)</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, 2022.

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>
2023	\$ 94,177
2024	(108,579)
2025	(77,346)
2026	<u>(45,182)</u>
<b>Total</b>	<u>\$ (136,930)</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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, 2022, consisted of the following:

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

**Contribution Provisions**

Contributions to the plan are not mandated and therefore the Village may fund these benefits on a pay-as-you-go basis. However, the Village participates in the Retiree Healthcare Funding Vehicle (RHFV) at the Municipal Employees' Retirement System of Michigan (MERS). The RHFV is an agent multiple employer defined benefit OPEB plan that is administered by MERS. The Village has made contributions to advance-fund these benefits as resources are available as determined by the Village Council. During the fiscal year ended June 30, 2022, 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, 2022

**NOTE 8 - POST EMPLOYMENT BENEFITS - continued**

**Assumptions and Methods**

The Village’s OPEB liability was measured as of June 30, 2022.

**Actuarial assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 with the following assumptions applied to all periods included in the measurement:

<b>Actuarial Cost Method</b>	Individual Entry Age Normal as a level percentage of payroll
<b>Discount Rate</b>	6.00%
<b>Annual Wage Increases</b>	2.75%
<b>Price Inflation</b>	2.50%
<b>Investment Rate of Return</b>	6.00%
<b>Actuarial Value of Assets</b>	Market value
<b>Annual Per Capita Claims Costs</b>	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.
<b>Participation</b>	<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 will opt in opt out of coverage once initial retirement election is made.
<b>Spouse age</b>	Actual age is used for spouses of current retirees, if provided.
<b>Retirement</b>	100% of participants are assumed to retire at age 60.
<b>Withdrawal</b>	Participants are assumed to not terminate employment for any reason other than death, disability or retirement.
<b>Disability</b>	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, 2022

NOTE 8 - POST EMPLOYMENT BENEFITS - continued

Assumptions and Methods - continued

**Mortality**

Healthy:

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

Disabled:

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

**Annual Premium  
Equivalent Rates**

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

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 8 - POST EMPLOYMENT BENEFITS - continued**

**Assumptions and Methods - continued**

**Discount Rate**

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

Single Equivalent Interest Rate (SEIR)

Long-Term Expected Rate of Return	6.00%
Municipal Bond Index Rate*	4.09%
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%	3.50%	3.60%
Global Fixed Income	20.00%	2.50%	1.56%	0.81%
Private Assets	20.00%	2.50%	5.44%	1.59%
<b>Total</b>	<b>100.00%</b>	<b>7.50%</b>	<b>10.50%</b>	<b>6.00%</b>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 8 - POST EMPLOYMENT BENEFITS - continued**

**Net OPEB Liability**

**Changes in the Net OPEB Liability (Asset)**

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balance at June 30, 2021</b>	\$ 129,245	\$ 141,343	\$ (12,098)
<b>Changes during the year</b>			
Service cost	3,405		3,405
Interest	7,804		7,804
Differences between expected and actual experience	(82,465)	(19,456)	(63,009)
Change in actuarial assumptions	(3,352)		(3,352)
Change in benefits			
Contributions to OPEB trust			
Net investment income		8,319	(8,319)
Benefit payments, including refunds of contributions	(5,168)	(5,168)	
Administrative expenses		(248)	248
Other changes			
<b>Total changes</b>	(79,776)	(16,553)	(63,223)
<b>Balance at June 30, 2022</b>	<u>\$ 49,469</u>	<u>\$ 124,790</u>	<u>\$ (75,321)</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:

<b>Trend</b>	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Net OPEB Liability	\$ (75,321)	\$ (75,321)	\$ (75,321)
Change in Net OPEB Liability from change in trend	(4,163)		4,513
Adjusted Net OPEB Liability	<u>\$ (79,484)</u>	<u>\$ (75,321)</u>	<u>\$ (70,808)</u>
<b>Discount</b>	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Net OPEB Liability	\$ (75,321)	\$ (75,321)	\$ (75,321)
Change in Net OPEB Liability from change in trend	3,408		(3,276)
Adjusted Net OPEB Liability	<u>\$ (71,913)</u>	<u>\$ (75,321)</u>	<u>\$ (78,597)</u>

VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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, 2022 are:

	<b>Fiscal Year Ending June 30, 2022</b>
Service cost	\$ 3,405
Interest on total OPEB liability	7,804
Recognition of deferred outflows (inflows) related to:	
Projected and actual investment earnings	409
Differences between expected and actual experience	(19,393)
Changes in assumptions	(5,688)
Projected earnings on OPEB plan investments	(8,319)
Administrative expenses	248
<b>Total OPEB expense</b>	<b>\$ (21,534)</b>

Deferred outflows and inflows of resources related to OPEB:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>	<b>Total</b>
Differences in experience	\$ 1,289	\$ (79,496)	\$ (78,207)
Differences between projected and actual income	1,877		1,877
Differences in assumptions		(23,156)	(23,156)
Excess (Deficit) of investment returns			
<b>Total to be amortized as pension expense</b>	<b>3,166</b>	<b>(102,652)</b>	<b>(99,486)</b>
Contributions subsequent to the measurement date			
<b>Total deferred outflows (inflows)</b>	<b>\$ 3,166</b>	<b>\$ (102,652)</b>	<b>\$ (99,486)</b>

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

	<b>For the year ended June 30,</b>
2023	\$ (25,894)
2024	(25,286)
2025	(19,759)
2026	(14,444)
2027	(14,103)
<b>Total</b>	<b>\$ (99,486)</b>



VILLAGE OF PINCKNEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**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, 2022 consisted of the following:

	<b>Sewage Disposal System Fund</b>	<b>Total Restricted Assets</b>
Cash and cash equivalents	\$ 91,447	\$ 91,447
Special assessment receivables	14,037	14,037
<b>Total</b>	<b>\$ 105,484</b>	<b>\$ 105,484</b>

**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, 2022. The Village continues to carefully monitor the situation.

**NOTE 12 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 14, 2022, 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, 2022, 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, 2022

**NOTE 13 – NEWLY ADOPTED ACCOUNTING STANDARDS**

**GASB 87 - LEASES**

Effective July 1, 2021, the Village adopted the Governmental Accounting Standards Board (GASB) No. 87, Leases. The Village elected the optional transition method that permits the option to use the effective date as the date of initial application on transition. 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 requires 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 does not recognize leases with an initial term of 12 months or less (“short term leases”) on the statement of net position.

The Village implemented the statement for the year ended June 30, 2022. Upon adoption, the Village recorded a lease receivable and deferred inflow of resources for \$416,294, based on present value of the lease payments over the lease term. The deferred inflow of resources is amortized on a straight line basis over the remaining life of the lease. The Village determined it had no significant lease liabilities requiring recognition under the standard.

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

The following table presents the balance of certain information related to the operating leases as of and for the year ended June 30, 2022:

Cash received by Village	\$	111,151
Lease Receivable		310,992
Deferred inflows of resources - leases		(322,039)
Rental Income		(94,255)
Interest Income		(5,849)

DRAFT

**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, 2022

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 628,500	\$ 628,500	\$ 628,469	\$ (31)
State revenues	217,893	247,893	264,496	16,603
Charges for services				
Charges to other governments and funds	62,490	62,490	136,802	74,312
Grants	1,000	1,000	705	(295)
Rents	103,000	103,000	94,214	(8,786)
Licenses, fines and permits	23,000	23,000	105,272	82,272
Franchise fees	16,500	16,500	6,656	(9,844)
Interest	3,500	3,500	11,380	7,880
Miscellaneous income	69,000	69,000	8,847	(60,153)
<b>Total revenues</b>	<b>1,124,883</b>	<b>1,154,883</b>	<b>1,256,841</b>	<b>101,958</b>
<b>EXPENDITURES</b>				
Village council	12,214	12,214	10,981	1,233
President	16,872	16,872	16,011	861
Clerk	50,302	54,302	53,236	1,066
Auditors	4,000	4,960	4,960	
Secretary	21,519	21,519	20,412	1,107
Treasurer	89,735	89,735	85,222	4,513
Buildings and grounds	14,885	28,785	28,763	22
Legal	20,000	27,000	27,731	(731)
Office overhead	63,090	78,940	78,011	929
Police	531,634	551,134	545,192	5,942
Public works	249,093	192,793	186,961	5,832
Street lights	12,500	12,500	10,946	1,554
Capital outlay	388,000	77,987	77,987	
Planning commission	13,105	8,705	78,811	(70,106)
Zoning department	28,416	25,366	26,093	(727)
Economic development	2,500	2,500	2,500	
Parks and recreation	10,247	4,547	4,066	481
<b>Total expenditures</b>	<b>1,528,112</b>	<b>1,209,859</b>	<b>1,257,883</b>	<b>(48,024)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(403,229)</b>	<b>(54,976)</b>	<b>(1,042)</b>	<b>53,934</b>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets			5,916	5,916
Transfers in			996	996
Transfers (out)		(120,000)	(120,000)	
<b>Total other financing sources</b>			<b>(113,088)</b>	<b>6,912</b>
<b>Net change in fund balance</b>	<b>(403,229)</b>	<b>(174,976)</b>	<b>(114,130)</b>	<b>60,846</b>
<b>FUND BALANCE, JULY 1, 2021</b>	<b>1,231,083</b>	<b>1,231,083</b>	<b>1,231,083</b>	
<b>FUND BALANCE, JUNE 30, 2022</b>	<b>\$ 827,854</b>	<b>\$ 1,056,107</b>	<b>\$ 1,116,953</b>	<b>\$ 60,846</b>

VILLAGE OF PINCKNEY

MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$	\$	\$ 201,840	\$
Interest			635	
Miscellaneous income			56	
<b>Total revenues</b>	<u>189,485</u>	<u>189,485</u>	<u>202,531</u>	<u>13,046</u>
<b>EXPENDITURES</b>				
Labor			8,336	
Contracted services			52,878	
Repairs and maintenance			8,788	
Charges from other funds			24,164	
Other			2,821	
<b>Total expenditures</b>	<u>51,283</u>	<u>51,283</u>	<u>96,987</u>	<u>(45,704)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>138,202</u>	<u>138,202</u>	<u>105,544</u>	<u>(32,658)</u>
<b>OTHER FINANCING (USES)</b>				
Transfers (out)	<u>(94,000)</u>	<u>(94,000)</u>	<u>(101,920)</u>	<u>(7,920)</u>
<b>Net change in fund balance</b>	<u>44,202</u>	<u>44,202</u>	<u>3,624</u>	<u>(40,578)</u>
<b>FUND BALANCE, JULY 1, 2021</b>	<u>676,752</u>	<u>676,752</u>	<u>676,752</u>	
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 720,954</u>	<u>\$ 720,954</u>	<u>\$ 680,376</u>	<u>\$ (40,578)</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, 2022

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$	\$	\$ 86,118	\$
Interest			503	
Miscellaneous income			227	
<b>Total revenues</b>	<u>89,256</u>	<u>89,256</u>	<u>86,848</u>	<u>(2,408)</u>
<b>EXPENDITURES</b>				
Labor			14,329	
Contracted services			12,608	
Repairs and maintenance			28,959	
Charges from other funds			23,080	
Other			2,931	
<b>Total expenditures</b>	<u>61,638</u>	<u>61,638</u>	<u>81,907</u>	<u>(20,269)</u>
<b>Excess of revenues over (under) expenditures</b>	27,618	27,618	4,941	(22,677)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>94,000</u>	<u>94,000</u>	<u>101,920</u>	<u>7,920</u>
<b>Net change in fund balance</b>	121,618	121,618	106,861	(14,757)
<b>FUND BALANCE, JULY 1, 2021</b>	<u>588,928</u>	<u>588,928</u>	<u>588,928</u>	
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 710,546</u>	<u>\$ 710,546</u>	<u>\$ 695,789</u>	<u>\$ (14,757)</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, 2022

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$	\$	\$ 307,646	\$
PPT reimbursement			1,072	
Licenses, fines and permits			3,250	
Interest			340	
Right of way fees			9,344	
<b>Total revenues</b>	<b>325,946</b>	<b>325,946</b>	<b>321,652</b>	<b>(4,294)</b>
<b>EXPENDITURES</b>				
Other			33,386	
Debt service - principal			30,000	
Debt service - interest			7,437	
<b>Total expenditures</b>	<b>74,000</b>	<b>74,000</b>	<b>70,823</b>	<b>3,177</b>
<b>Excess of revenues over (under) expenditures</b>	<b>251,946</b>	<b>251,946</b>	<b>250,829</b>	<b>(1,117)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfer (out)				
<b>Net change in fund balance</b>	<b>251,946</b>	<b>251,946</b>	<b>250,829</b>	<b>(1,117)</b>
<b>FUND BALANCE, JULY 1, 2021</b>	<b>788,906</b>	<b>788,906</b>	<b>788,906</b>	
<b>FUND BALANCE, JUNE 30, 2022</b>	<b>\$ 1,040,852</b>	<b>\$ 1,040,852</b>	<b>\$ 1,039,735</b>	<b>\$ (1,117)</b>

VILLAGE OF PINCKNEY

DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2022

	For the plan year ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial Determined Contributions	\$ 108,851	\$ 129,172	\$ 111,236	\$ 100,399	\$ 77,670	\$ 79,836	\$ 68,440	\$ 59,600
Contributions in relation to the actuarially determined contribution	109,381	133,367	118,502	110,949	88,011	79,836	68,440	59,600
Contribution deficiency (excess)	<u>\$ (530)</u>	<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>\$ 507,808</u>	<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>21.54%</u>	<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	17 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male 2014 Group Annuity Mortality Table

**Previous actuarial methods and assumptions:**

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

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



VILLAGE OF PINCKNEY

DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2022

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

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, 2022

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

**Notes to the schedule of contributions:**

Valuation Date: June 30, 2021  
 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, 2022

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

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

DRAFT

**SUPPLEMENTARY INFORMATION**

DRAFT

**COMBINING FINANCIAL STATEMENTS**

VILLAGE OF PINCKNEY

COMBINING BALANCE SHEETS  
 FUNDS INCLUDED IN GASB 54 CONSOLIDATION  
 JUNE 30, 2022

	<u>General Fund Pre GASB 54 - Consolidation</u>	<u>Trust and Agency Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,334,429	\$ 35,250	\$ 1,369,679
Receivables			
Leases	310,992		310,992
Intergovernmental	46,333		46,333
Miscellaneous	6,853		6,853
Prepaid expenditures	31,662		31,662
<b>Total assets</b>	<u>\$ 1,730,269</u>	<u>\$ 35,250</u>	<u>\$ 1,765,519</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 36,962	\$ 2,233	\$ 39,195
Due to others		33,017	33,017
Due to other funds	254,315		254,315
<b>Total liabilities</b>	<u>291,277</u>	<u>35,250</u>	<u>326,527</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - leases	322,039		322,039
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	31,662		31,662
Assigned			
Future budget deficit	297,675		297,675
Unassigned	787,616		787,616
<b>Total fund balances</b>	<u>1,116,953</u>		<u>1,116,953</u>
<b>Total liabilities, deferred inflows of     resources, and fund balances</b>	<u>\$ 1,730,269</u>	<u>\$ 35,250</u>	<u>\$ 1,765,519</u>

VILLAGE OF PINCKNEY

COMBINING BALANCE SHEETS  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Cemetery Fund	Police Training Fund	Refuse Collection Fund	Total
<b>Assets</b>				
Cash and investments	\$ 182,022	\$	\$ 77,713	\$ 259,735
Accounts receivable			80,989	80,989
Prepaid expenditures	313		107	420
<b>Total assets</b>	<u>\$ 182,335</u>	<u>\$</u>	<u>\$ 158,809</u>	<u>\$ 341,144</u>
<b>Liabilities</b>				
Accounts payable and accrued Expenditures	\$ 464	\$	\$ 1,501	\$ 1,965
<b>Fund Balances</b>				
Nonspendable				
Prepaid items	313			313
Corpus of permanent fund	51,822			51,822
Restricted				
Public safety			157,308	157,308
Committed				
Cemetery	129,736			129,736
<b>Total fund balances</b>	<u>181,871</u>		<u>157,308</u>	<u>339,179</u>
<b>Total liabilities and fund balances</b>	<u>\$ 182,335</u>	<u>\$</u>	<u>\$ 158,809</u>	<u>\$ 341,144</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, 2022

	General Fund Pre GASB 54 Consolidation	Trust and Agency Fund	Total
<b>REVENUES</b>			
Taxes	\$ 628,469	\$	\$ 628,469
State revenues	264,496		264,496
Charges for services			
Charges to other governments and funds	136,802		136,802
Grants	705		705
Rents	94,214		94,214
Licenses, fines and permits	34,577	70,695	105,272
Franchise fees	6,656		6,656
Interest	11,380		11,380
Other	8,847		8,847
<b>Total revenues</b>	<u>1,186,146</u>	<u>70,695</u>	<u>1,256,841</u>
<b>EXPENDITURES</b>			
Village council	10,981		10,981
President	16,011		16,011
Clerk	53,236		53,236
Auditors	4,960		4,960
Secretary	20,412		20,412
Treasurer	85,222		85,222
Buildings and grounds	28,763		28,763
Legal	27,731		27,731
Office overhead	78,011		78,011
Police	545,192		545,192
Public works	186,961		186,961
Street lights	10,946		10,946
Capital outlay	77,987		77,987
Planning commission	8,116	70,695	78,811
Zoning department	26,093		26,093
Economic development	2,500		2,500
Parks and recreation	4,066		4,066
<b>Total expenditures</b>	<u>1,187,188</u>	<u>70,695</u>	<u>1,257,883</u>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,042)</b>		<b>(1,042)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	996		996
Transfer out	(120,000)		(120,000)
Sale of Fixed Asset	5,916		5,916
<b>Total other financing sources (uses)</b>	<b>(113,088)</b>		<b>(113,088)</b>
<b>Net change in fund balance</b>	<b>(114,130)</b>		<b>(114,130)</b>
<b>FUND BALANCE, JULY 1, 2021</b>	<u>1,231,083</u>		<u>1,231,083</u>
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 1,116,953</u>	<u>\$</u>	<u>\$ 1,116,953</u>



VILLAGE OF PINCKNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Cemetery Fund	Police Training Fund	Refuse Collection Fund	Total
<b>REVENUES</b>				
Charges for services	\$ 38,750	\$	\$ 183,822	\$ 222,572
Interest income	171			171
<b>Total revenues</b>	<u>38,921</u>		<u>183,822</u>	<u>222,743</u>
<b>EXPENDITURES</b>				
Current:				
Public works			146,514	146,514
Cemetery	22,960			22,960
<b>Total expenditures</b>	<u>22,960</u>		<u>146,514</u>	<u>169,474</u>
<b>Net revenues over expenditures</b>	15,961		37,308	53,269
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			120,000	120,000
Transfers out		(996)		(996)
<b>Total other financing sources (uses)</b>		(996)	120,000	119,004
<b>Net change in fund balance</b>	15,961	(996)	157,308	172,273
<b>FUND BALANCE, JULY 1, 2021</b>	<u>165,910</u>	<u>996</u>		<u>166,906</u>
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 181,871</u>	<u>\$</u>	<u>\$ 157,308</u>	<u>\$ 339,179</u>

DRAFT

**FUND FINANCIAL STATEMENTS  
OF COMPONENT UNIT**

DRAFT

**DOWNTOWN DEVELOPMENT AUTHORITY  
FUND FINANCIAL STATEMENTS**

VILLAGE OF PINCKNEY

DOWNTOWN DEVELOPMENT AUTHORITY  
BALANCE SHEET  
JUNE 30, 2022

**ASSETS**

Cash and investments \$ 305,227

**LIABILITIES**

Accounts payable \$ 1,296

Accrued expenditures 204

**Total liabilities** \$ 1,500

**FUND BALANCE**

303,727

**Total liabilities and fund balance** \$ 305,227

DRAFT

VILLAGE OF PINCKNEY

DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2022

**REVENUES**

Property taxes	\$ 155,925
Charges for services	1,045
State revenues	4,473
Interest income	<u>156</u>
<b>Total revenues</b>	<u>161,599</u>

**EXPENDITURES**

Recreation and culture	<u>93,170</u>
<b>Total expenditures</b>	<u>93,170</u>

**Net change in fund balance** 68,429

**FUND BALANCE, JULY 1, 2021** 235,298

**FUND BALANCE, JUNE 30, 2022** \$ 303,727

DRAFT