

Village of Almont

Lapeer County, Michigan

Audited Financial Report
June 30, 2018

KING & KING CPAs LLC

Marlette - Imlay City
Michigan

Village of Almont
 Annual Financial Report
 For The Fiscal Year Ended June 30, 2018

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Independent Auditor's Report

Honorable Village Council
Village of Almont
Lapeer County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the **Village of Almont**, Michigan as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the **Village of Almont**, Michigan as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and major fund budgetary comparison schedule, as identified in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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.

Others Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Village of Almont**, Michigan's basic financial statements. The other supplemental information, as identified in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the basic financial statements as a whole.

King & King CPAs LLC

KING & KING CPAs LLC

August 23, 2018

Village of Almont

Almont, Michigan

MANAGEMENT’S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the **Village of Almont**, Michigan’s (the “Village”) financial performance provides an overview of the Village’s financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Village’s financial statements.

Using this Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a long-term view of the Village’s finances. This long-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current fiscal year and whether the taxpayers have fully funded the cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers’ resources were spent during the fiscal year, as well as how much is available for future spending. Fund financial statements also report the Village’s operations in more detail than the government-wide financial statements by providing information about the Village’s most significant funds. The fiduciary fund statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside the government.

Condensed Financial Information

The following table shows in a condensed format, the net position as of the current fiscal year. Comparative data of the prior audit’s net position is included.

	Governmental Activities		Business-type Activities		Total	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Current Assets	\$ 1,977,498	\$ 1,882,375	\$ 1,892,259	\$ 1,116,205	\$ 3,869,757	\$ 2,998,580
Noncurrent Assets	2,601,797	2,617,078	8,420,179	8,600,464	11,021,976	11,217,542
Total Assets	<u>4,579,295</u>	<u>4,499,453</u>	<u>10,312,438</u>	<u>9,716,669</u>	<u>14,891,733</u>	<u>14,216,122</u>
Current Liabilities	193,896	206,915	374,674	402,045	568,570	608,960
Noncurrent Liabilities	1,917,248	1,626,683	2,917,694	2,687,694	4,834,942	4,314,377
Total Liabilities	<u>2,111,144</u>	<u>1,833,598</u>	<u>3,292,368</u>	<u>3,089,739</u>	<u>5,403,512</u>	<u>4,923,337</u>
Net Position:						
Invested in Capital Assets -						
Net of Related Debt	567,216	888,196	5,188,729	5,611,329	5,755,945	6,499,525
Restricted	598,727	756,511	11,326	10,650	610,053	767,161
Unrestricted	1,305,207	1,021,146	1,820,015	1,004,951	3,125,222	2,026,097
Total Net Position	<u>\$ 2,471,150</u>	<u>\$ 2,665,853</u>	<u>\$ 7,020,070</u>	<u>\$ 6,626,930</u>	<u>\$ 9,491,220</u>	<u>\$ 9,292,783</u>

Village of Almont

Almont, Michigan

Condensed Financial Information – Continued

The following table shows the changes of the net position during the current fiscal year:

	Governmental Activities		Business-type Activities		Total	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Revenues						
Program Revenues:						
Charges for Services	\$ 778,725	\$ 822,799	\$ 1,427,313	\$ 1,402,039	\$ 2,206,038	\$ 2,224,838
Grants & Contributions	283,460	282,797	-	-	283,460	282,797
General Revenues:					-	-
Property Taxes	1,064,831	1,027,802	-	-	1,064,831	1,027,802
State-Shared Revenues	264,448	256,890	-	-	264,448	256,890
Interest Earnings	6,916	1,200	624	416	7,540	1,616
Other Revenues	172,901	127,857	-	-	172,901	127,857
Transfers	(278,198)	(273,292)	278,198	273,292	-	-
Total Revenues	<u>2,293,083</u>	<u>2,246,053</u>	<u>1,706,135</u>	<u>1,675,747</u>	<u>3,999,218</u>	<u>3,921,800</u>
Program Expenses						
General Government	\$ 846,687	\$ 563,652	\$ -	\$ -	\$ 846,687	\$ 563,652
Public Safety	865,240	831,534	-	-	865,240	831,534
Public Works	683,036	606,837	-	-	683,036	606,837
Recreation & Culture	53,844	19,338	-	-	53,844	19,338
Interest on L/T Debt	8,981	10,662	76,242	85,001	85,223	95,663
Water & Sewer	-	-	1,236,752	1,252,522	1,236,752	1,252,522
Total Program Expenses	<u>2,457,788</u>	<u>2,032,023</u>	<u>1,312,994</u>	<u>1,337,524</u>	<u>3,770,782</u>	<u>3,369,546</u>
Change in Net Position	<u>\$ (164,705)</u>	<u>\$ 214,031</u>	<u>\$ 393,141</u>	<u>\$ 338,223</u>	<u>\$ 228,436</u>	<u>\$ 552,254</u>

The Village as a Whole

- The Village's Governmental Activities net position decreased by \$164,705 this fiscal year. This compares to a net increase of \$214,031 in the previous fiscal year. A significant portion of this negative Change in Net Position was due to the cost for pension and other post-employment benefits (which totaled about \$336,000 for the current fiscal year).
- The Village's Business-type Activities net position increased by \$393,141 this fiscal year. This compares to a net increase of \$338,223 in the previous fiscal year. This improvement was caused by an increase in charges for services revenue due to a change in utility billing rates along with a reduction in operating costs/repairs and interest on long term debt
- The Village's primary source of revenue is from charges for services and property taxes, which represent 82% of total revenue.

Village of Almont

Almont, Michigan

The Village's Funds

Our analysis of the Village's major funds begins on Page 5, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village's only major fund for the fiscal year ended June 30, 2018 is the General Fund.

Other major funds are the Water and Sewer Funds, which are categorized as enterprise or proprietary funds. These funds operate on revenue they receive from the customers (users) of the water and sewer systems.

General Fund Budgetary Highlights

The Village made amendments to the budget throughout the year to cover the expenditures incurred.

Capital Asset and Debt Administration

During the fiscal year ended June 30, 2018, the Village completed the sewer inspections for the SAW Grant for \$62,608 and made major repairs to the sewer system, some as a result of discoveries from the sewer inspections, for \$41,051. The Sewer Fund has also received a \$530,000 loan for sewer improvements, but this work was just getting started as of June 30, 2018. The Village paid \$20,400 of professional fees during the fiscal year for the bonding process to receive the loan. The Equipment Fund purchased a police car for \$21,917 and a DPW truck for \$124,693 (both of these vehicles were financed). The General Fund is in the process of building a new Police Department behind the current municipal offices. The cost of this project is being split with Almont Township. During the fiscal year, the Village paid \$93,648 towards this building. Additional information regarding the Village's capital assets can be found in Note 4 to the financial statements.

The Village incurred new debt in the fiscal year ended June 30, 2018 for the two vehicles in the Equipment Fund (\$23,471 for a police car and \$124,693 for a DPW Truck) and \$530,000 in the Sewer Fund for sewer improvements. The Village's total debt as of June 30, 2018, was \$3,549,504, with principal payments of \$420,996 due within one year. There were principal payments of \$404,534 made during the fiscal year. Additional information regarding the Village's long-term debt can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Village's tax base remained relatively constant. The Village will need to continue to watch the budget very closely in all categories.

Contacting the Village

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Village Office in Almont, Michigan by telephone at (810) 798-8528.

Village of Almont

Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 1,778,221	\$ 1,540,812	\$ 3,319,033
Accounts Receivable	165,853	332,183	498,036
Prepaid Expenses	17,471	11,326	28,797
Due From Other Funds (Net)	15,953	7,938	23,891
Capital Assets			
Nondepreciable Capital Assets	357,000	37,849	394,849
Depreciable Capital Assets	2,222,347	8,382,330	10,604,677
<u>Total Assets</u>	<u>4,556,844</u>	<u>10,312,439</u>	<u>14,869,283</u>
<u>Deferred Outflows of Resources</u>			
Related to the Pension Plan	25,450	-	25,450
<u>Liabilities</u>			
Accounts Payable	73,563	60,919	134,482
Accrued Interest Payable	-	13,755	13,755
Current Portion of Long-Term Debt	120,333	300,000	420,333
Noncurrent Liabilities:			
Net Retiree Healthcare Obligation	980,368	-	980,368
Net Pension Liability	725,438	-	725,438
Long-Term Debt	211,442	2,917,694	3,129,136
<u>Total Liabilities</u>	<u>2,111,144</u>	<u>3,292,368</u>	<u>5,403,512</u>
<u>Deferred Inflows of Resources</u>			
	-	-	-
<u>Net Position</u>			
Invested in Capital Assets - Net of Related Debt	567,216	5,188,729	5,755,946
Nonspendable	8,356	11,326	19,682
Restricted:			
Restricted for Debt Service	178,235	-	178,235
Restricted for Other Uses	412,136	-	412,136
Unrestricted	1,305,207	1,820,015	3,125,222
<u>Total Net Position</u>	<u>\$ 2,471,150</u>	<u>\$ 7,020,071</u>	<u>\$ 9,491,221</u>

The notes are an integral part of the statements.

Village of Almont
Statement of Activities
For The Fiscal Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue & Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Primary Government</u>		<u>Totals</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government:							
Governmental Activities:							
General Government	\$ 846,687	\$ 183,299	\$ -	\$ -	\$ (663,387)	\$ -	\$ (663,387)
Public Safety	865,240	332,662	-	-	(532,578)	-	(532,578)
Public Works	683,036	262,763	282,721	-	(137,551)	-	(137,551)
Recreation & Culture	53,844	-	739	-	(53,105)	-	(53,105)
Interest on Long-Term Debt	8,981	-	-	-	(8,981)	-	(8,981)
<u>Total Governmental Activities</u>	<u>2,457,787</u>	<u>778,725</u>	<u>283,460</u>	<u>-</u>	<u>(1,395,602)</u>	<u>-</u>	<u>(1,395,602)</u>
Business-type Activities	1,236,752	1,427,313	-	-	-	190,561	190,561
Interest on Long-Term Debt	76,242	-	-	-	-	(76,242)	(76,242)
<u>Total Business-type Activities</u>	<u>1,312,994</u>	<u>1,427,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,319</u>	<u>114,319</u>
Total Primary Government	<u>\$ 3,770,781</u>	<u>\$ 2,206,037</u>	<u>\$ 283,460</u>	<u>\$ -</u>	<u>\$ (1,395,602)</u>	<u>\$ 114,319</u>	<u>\$ (1,281,283)</u>
General Revenues:							
Property Taxes					\$ 1,064,831	\$ -	\$ 1,064,831
State-Shared Revenues					264,448	-	264,448
Interest Earnings					6,916	624	7,540
Other Revenues					172,901	-	172,901
Transfers					(278,198)	278,198	-
Total General Revenues, Special Items & Transfers					<u>1,230,898</u>	<u>278,822</u>	<u>1,509,720</u>
Change in Net Position					(164,704)	393,141	228,437
Net Position - Beginning of Year					<u>2,635,854</u>	<u>6,626,930</u>	<u>9,262,784</u>
Net Position - End of Year					<u>\$ 2,471,150</u>	<u>\$ 7,020,071</u>	<u>\$ 9,491,221</u>

The notes are an integral part of the statements.

Village of Almont

Governmental Funds

Balance Sheet

June 30, 2018

	<u>General Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets & Deferred Outflows of Resources</u>			
<u>Assets</u>			
Cash & Cash Equivalents	\$ 764,182	\$ 843,489	\$ 1,607,670
Accounts Receivable	88,352	75,667	164,019
Grant Receivable	-	-	-
Prepaid Expenses	6,810	1,546	8,356
Due From Other Funds	16,695	858	17,553
<u>Total Assets</u>	<u>876,038</u>	<u>921,560</u>	<u>1,797,599</u>
<u>Deferred Outflows of Resources</u>			
<u>Total Assets & Deferred Outflows</u>	<u>\$ 876,038</u>	<u>\$ 921,560</u>	<u>\$ 1,797,599</u>
<u>Liabilities, Deferred Inflows of Resources & Fund Equity</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 65,837	\$ 2,444	\$ 68,281
Due To Other Funds	-	1,815	1,815
<u>Total Liabilities</u>	<u>65,837</u>	<u>4,259</u>	<u>70,096</u>
<u>Deferred Inflows of Resources</u>			
<u>Fund Equity</u>			
Fund Balances:			
Nonspendable	6,810	1,546	8,356
Restricted For:			
Debt Service	-	178,235	178,235
Highways	-	390,776	390,776
Building Inspection	-	6,899	6,899
Homecoming	5,346	-	5,346
Public Works	-	329,113	329,113
Parks	-	10,732	10,732
Committed For:			
Park	-	-	-
Unassigned	798,045	-	798,045
<u>Total Fund Equity</u>	<u>810,201</u>	<u>917,302</u>	<u>1,727,503</u>
<u>Total Liab., Deferred Inflows & Fund Equity</u>	<u>\$ 876,038</u>	<u>\$ 921,560</u>	<u>\$ 1,797,599</u>

Village of Almont
 Governmental Funds
 Reconciliation of Fund Balances to the
 Statement of Net Position
 For The Fiscal Year Ended June 30, 2018

Total Fund Balances for Governmental Funds and Equipment Fund \$ 2,127,568

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not financial resources and are not reported in the funds. 2,094,230

Long-term bonds payable are not due and payable in the current period and are not reported in the funds. (70,292)

Other post-employment benefit obligation in Governmental Activities is not reported in the funds. (980,368)

Net pension liability is not due and payable in the current period and is not reported as fund liabilities. (725,438)

Certain pension contributions and changes in pension plan liabilities are reported as deferred outflows of resources in the Statement of Net Position. 25,450

Accrued interest payable is not reported in the funds. -

Net Position of Governmental Activities \$ 2,471,150

Village of Almont
 Governmental Funds
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For The Fiscal Year Ended June 30, 2018

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Property Taxes	\$ 767,559	\$ 297,272	\$ 1,064,831
Intergovernmental Revenues	264,448	282,721	547,169
Licenses, Permits & Fees	82,837	610	83,447
Charges for Services	432,448	134,222	566,670
Interest Earnings	5,787	995	6,783
Other Revenues	111,527	13,784	125,310
<u>Total Revenues</u>	<u>1,664,605</u>	<u>729,605</u>	<u>2,394,210</u>
<u>Expenditures</u>			
General Government	309,025	-	309,025
Public Safety	848,130	13,316	861,446
Public Works	346,222	250,103	596,325
Recreation & Culture	-	49,008	49,008
Capital Outlay	93,648	-	93,648
Debt Service - Principal	4,507	27,407	31,914
Debt Service - Interest	-	2,746	2,746
<u>Total Expenditures</u>	<u>1,601,532</u>	<u>342,580</u>	<u>1,944,112</u>
Excess of Revenues Over (Under) Expenditures	63,074	387,025	450,098
<u>Other Financing Sources (Uses)</u>			
Transfers In (Out)	(58,700)	(241,898)	(300,598)
Net Change in Fund Balances	4,374	145,127	149,501
<u>Fund Balances - Beginning of Year</u>	<u>805,827</u>	<u>772,175</u>	<u>1,578,002</u>
<u>Fund Balances - End of Year</u>	<u>\$ 810,201</u>	<u>\$ 917,302</u>	<u>\$ 1,727,503</u>

The notes are an integral part of the statements.

Village of Almont

Governmental Funds
Reconciliation of Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds and Equipment Fund	\$ 152,972
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. In the Statement of Activities, these costs are capitalized and allocated over their estimated useful lives as depreciation.	93,648
Repayment of bond principal is an expenditure in the Governmental Funds, but not in the Statement of Activities (where it reduces long-term debt).	31,914
Loan proceeds are recognized as revenue in the Governmental Funds, but not in the Statement of Activities.	-
Interest expense is reported in the Statement of Activities when a liability is incurred. They are reported in the Governmental Funds only when payment is due.	230
Change in other post-employment benefit obligation is recorded when incurred in the Statement of Activities.	(275,059)
Pension expense is recognized in the Statement of Activities when incurred, but in the Governmental Funds when paid.	(60,931)
Depreciation is an expenditure for the Statement of Activities, but is not reported in the Governmental Funds.	<u>(107,478)</u>
Net Change in Net Position of Governmental Activities	<u><u>\$ (164,704)</u></u>

The notes are an integral part of the statements.

Village of Almont

Proprietary Funds
Statement of Net Position
June 30, 2018

	<u>Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Fund Equipment</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>		
<u>Assets</u>				
<u>Current Assets</u>				
Cash & Cash Equivalents	\$ 1,139,600	\$ 401,213	\$ 1,540,812	\$ 170,550
Accounts Receivable	192,444	139,739	332,183	1,833
Prepaid Expenses	7,752	3,575	11,326	9,115
Due From Other Funds	5,793	2,146	7,938	215
<u>Total Current Assets</u>	<u>1,345,588</u>	<u>546,672</u>	<u>1,892,261</u>	<u>181,713</u>
<u>Noncurrent Assets</u>				
Capital Assets Not Being Depreciated	100	37,749	37,849	-
Capital Assets Being Depreciated	8,807,740	5,311,244	14,118,984	1,257,546
Less: Accumulated Depreciation	(4,022,199)	(1,714,456)	(5,736,654)	(772,429)
<u>Total Noncurrent Assets</u>	<u>4,785,642</u>	<u>3,634,537</u>	<u>8,420,179</u>	<u>485,118</u>
<u>Total Assets</u>	<u>6,131,230</u>	<u>4,181,209</u>	<u>10,312,439</u>	<u>666,831</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	18,865	42,054	60,919	5,282
Due To Other Funds	-	-	-	-
Accrued Interest Payable	4,904	8,851	13,755	-
Current Portion of Long-Term Debt	150,000	150,000	300,000	103,478
<u>Total Current Liabilities</u>	<u>173,769</u>	<u>200,905</u>	<u>374,674</u>	<u>108,761</u>
<u>Long-Term Liabilities</u>				
Bonds Payable	1,285,000	1,632,694	2,917,694	158,005
<u>Total Liabilities</u>	<u>1,458,769</u>	<u>1,833,599</u>	<u>3,292,368</u>	<u>266,765</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Net Position</u>				
Invested in Capital Assets Net of Related Debt	3,345,738	1,842,992	5,188,729	223,634
Restricted	7,752	3,575	11,326	9,115
Unrestricted	1,318,972	501,044	1,820,015	167,316
<u>Total Net Position</u>	<u>\$ 4,672,461</u>	<u>\$ 2,347,610</u>	<u>\$ 7,020,071</u>	<u>\$ 400,065</u>

The notes are an integral part of the statements.

Village of Almont
Proprietary Funds
Statement of Revenues, Expenditures and
Changes in Net Position
June 30, 2018

	<u>Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>		<u>Equipment</u>
<u>Operating Revenues</u>				
User Charges & Penalties	\$ 731,108	\$ 571,455	\$ 1,302,563	\$ 22,000
Service Connection Charges	27,250	30,725	57,975	-
Other Income	12,778	1,093	13,871	10,037
Grant Income	52,905	-	52,905	-
Equipment Rental	-	-	-	135,577
<u>Total Operating Revenues</u>	<u>824,040</u>	<u>603,272</u>	<u>1,427,313</u>	<u>167,615</u>
<u>Operating Expenditures</u>				
Cost of Water	-	220,900	220,900	-
Operation & Maintenance	480,303	192,074	672,377	129,509
General & Administration	23,518	15,612	39,130	620
Depreciation	194,604	109,741	304,345	59,405
<u>Total Operating Expenditures</u>	<u>698,425</u>	<u>538,327</u>	<u>1,236,752</u>	<u>189,534</u>
Operating Income (Loss)	125,615	64,945	190,561	(21,919)
<u>Non-Operating Revenues (Expenditures)</u>				
Interest Earned	379	245	624	133
Interest Expense	(36,148)	(40,094)	(76,242)	(6,465)
Gain (Loss) on Sale of Fixed Assets	-	-	-	9,323
Transfers From (To) Other Funds	163,494	114,704	278,198	22,400
Change in Net Position	253,341	139,800	393,141	3,472
<u>Net Position - Beginning of Year</u>	<u>4,419,120</u>	<u>2,207,810</u>	<u>6,626,930</u>	<u>396,594</u>
<u>Net Position - End of Year</u>	<u>\$ 4,672,461</u>	<u>\$ 2,347,610</u>	<u>\$ 7,020,071</u>	<u>\$ 400,065</u>

The notes are an integral part of the statements.

Village of Almont
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2018

	<u>Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>		<u>Equipment</u>
<u>Cash Flows From Operating Activities</u>				
Receipts From Customers	\$ 822,358	\$ 596,067	\$ 1,418,425	\$ 167,615
Payments For Operation, Maintenance & Water	(535,973)	(397,125)	(933,098)	(130,061)
Payments For General & Administration	(23,518)	(16,146)	(39,663)	(620)
<u>Net Cash Provided by Operating Activities</u>	<u>262,867</u>	<u>182,796</u>	<u>445,663</u>	<u>36,934</u>
<u>Cash Flows From Noncapital Financing Activities</u>				
Operating Transfers In (Out)	163,494	114,704	278,198	22,400
Received (Paid) "Due To / From Other Funds"	2,509	930	3,439	(1,724)
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>166,003</u>	<u>115,634</u>	<u>281,637</u>	<u>20,676</u>
<u>Cash Flows From Capital & Related Financing Activities</u>				
Interest Expense	(36,716)	(42,212)	(78,928)	(6,465)
Net Proceeds From Issuance (Payments) of Long-Term Debt	390,000	(145,000)	245,000	60,509
Sale (Purchase) of Capital Assets	(124,059)	-	(124,059)	(137,287)
<u>Net Cash Provided by Capital & Related Financing Activities</u>	<u>229,224</u>	<u>(187,212)</u>	<u>42,013</u>	<u>(83,243)</u>
<u>Cash Flows From Investing Activities</u>				
Increase in Customer Deposits	-	-	-	-
Interest Received on Investments	379	245	624	133
Net Increase (Decrease) in Cash & Cash Equivalents	658,474	111,464	769,937	(25,500)
<u>Cash & Cash Equivalents - Beginning of Year</u>	<u>481,126</u>	<u>289,749</u>	<u>770,875</u>	<u>196,051</u>
<u>Cash & Cash Equivalents - End of Year</u>	<u>\$ 1,139,600</u>	<u>\$ 401,213</u>	<u>\$ 1,540,812</u>	<u>\$ 170,550</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>From Operating Activities</u>				
Operating Income (Loss)	125,615	64,945	190,561	(21,919)
Adjustments to Reconcile Operating Income (Loss) From Operating Activities:				
Depreciation	194,604	109,741	304,345	59,405
Changes in Assets & Liabilities:				
Prior Period Adjustment	-	-	-	-
Prepaid Expenses	(143)	(533)	(677)	(974)
Accounts Receivable	(1,682)	(7,206)	(8,888)	-
Accounts Payable	(55,526)	15,849	(39,678)	422
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 262,867</u>	<u>\$ 182,796</u>	<u>\$ 445,663</u>	<u>\$ 36,934</u>

The notes are an integral part of the statements.

Village of Almont

Fiduciary Funds
Statement of Fiduciary Assets and Liabilities - Agency Fund
June 30, 2018

	Payroll Fund	Totals June 30, 2018
<u>Assets</u>		
Cash & Cash Equivalents	\$ 27,474	\$ 27,474
Due From Other Funds	-	-
	<u> </u>	<u> </u>
<u>Total Assets</u>	<u>\$ 27,474</u>	<u>\$ 27,474</u>
<u>Liabilities</u>		
Due To Other Funds	\$ 23,891	\$ 23,891
Due To Others	3,583	3,583
	<u> </u>	<u> </u>
<u>Total Liabilities</u>	<u>\$ 27,474</u>	<u>\$ 27,474</u>

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

1. Summary of Significant Accounting Policies

The accounting policies of the **Village of Almont**, Lapeer County, Michigan (the “Village”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the **Village of Almont**, Lapeer County, Michigan.

Financial Reporting Entity

The **Village of Almont** was incorporated under the laws of the State of Michigan in 1855 and has operated since 1968 under a Home Rule Village - Council Manager form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Village (the primary government) and its component units. The component units discussed below are included in the Village reporting entity because of the significance of their operational or financial relationships with the Village.

Component Units - In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units.

Blended Component Units - The Downtown Development Authority (DDA) of the **Village of Almont**, an entity legally separate from the Village, is governed by an eleven-member Council appointed by the Village Council. For financial reporting purposes, the DDA is reported as if it were part of the Village’s operations because its purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the Village (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues are reported separate from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separate from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund - 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.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

1. Summary of Significant Accounting Policies - Continued

The Village reports the following major enterprise funds and internal service fund:

Water Fund - The Water Fund accounts for the activities of the water distribution system. Funding is provided primarily through user charges.

Sewer Fund - The Sewer Fund accounts for the activities of the sewage disposal system. Funding is provided primarily through user charges.

Equipment Fund (Internal Service Fund) - This fund was established to account for the financing of goods or services provided by one department to other departments of the Village on a cost reimbursement basis.

Additionally, the Village reports the following fund types:

Agency Funds - The Agency Funds account for assets held by the Village in a trustee capacity or as an agent for individuals, organizations or other governments.

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services and interest. All other revenue items are considered to be available only when cash is received by the Village. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Village pools the cash resources of its various funds. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Village's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Village to hold such investments until they mature.

Due To and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

1. Summary of Significant Accounting Policies - Continued

Property Tax Revenues - Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The Village's 2017 tax is levied and collectible on July 1, 2017, and is recognized as revenue in the fiscal year ended June 30, 2018, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017 taxable valuation of the Village totaled about \$61 million (a portion of which is captured by the DDA), on which taxes levied consisted of 13.5670 mills for operating purposes and 2.13 mills for water tower debt service. This resulted in approximately \$766,000 for operating and \$132,000 for water tower debt service. These amounts are recognized in the General Fund and Water System Improvement Debt Fund financial statements as tax revenue.

Vacation, Sick Leave and Other Compensated Absences - The Village Manager, Police Chief and Clerk/Treasurer each have unique contracts which specify their compensated absences. Most of the other Village employees are members of the Union and their compensated absences are specified in the collective bargaining agreement. The remaining employees' compensated absences are stipulated in the employee handbook.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Inventories and supplies held by the Water Fund and Sewer Fund, which are immaterial in amount, have not been recognized. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Infrastructure	40 years
Water & Sewer Distribution Systems	20 to 75 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

1. Summary of Significant Accounting Policies - *Continued*

Fund Balance Classification - In the fund financial statements, governmental funds report nonspendable fund balance for amounts of assets that will not be converted to cash soon enough to affect the current period; restrictions of fund balance for amounts that are legally restricted by outside parties or enabling legislation to use for a specific purpose; committed fund balance for constraints placed on resources by a formal action of the council; and assigned fund balance for constraints placed on resources by the Village's intent to be used for specific purposes.

- For *committed* fund balances, the Village's highest level of decision-making authority is the Council and it takes a Council resolution to establish a fund balance commitment.
- For *assigned* fund balances, the Village Manager or Council can authorize to assign amounts to a specific purpose.
- The Village's policy is that the restricted amounts are considered to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.
- The Village's policy is if it has *committed*, *assigned*, or *unassigned* fund balance available when it incurs an expenditure it will use the fund balance in the order of committed, assigned and then unassigned.
- The Village does not have a policy with respect to a fund balance.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

2. Stewardship, Compliance and Accountability

Budgetary Information

The Village is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund, Major Special Revenue Funds, Debt Service Funds and Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Village Council as a management tool during the year for all budgetary funds. The budgets are adopted on an accrual basis, which is consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund, Major Special Revenue Funds, Debt Service Funds and Capital Project Funds are presented in the required supplemental information. During the fiscal year ended June 30, 2018, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
NONE			

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit 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 Council has designated two banks for the deposit of Village funds. The investment policy adopted by the council is in accordance with Public Act 196 of 1997. The Council has authorized investment in bank accounts and CDs, but not the remainder of state statutory authority as listed above. All cash deposits and investments of the Village are held by the Village in the Village's name.

At the fiscal year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary - Trust & Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 1,778,221	\$ 1,540,812	\$ 27,474	\$ 3,346,507

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 3,346,507

The bank balance of the primary government's deposits is \$3,346,507, of which \$2,503,752 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Village's name.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village has a deposit policy for custodial credit risk. At the fiscal year end, the Village had approximately \$842,755 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, 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.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not further limit its investment choices.

At the fiscal year end, there were no deposits and investments reported in the basic financial statements with additional credit risk.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

4. Capital Assets

Capital assets activity of the Village's governmental and business-type activities was as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance June 30, 2018</u>
Governmental Activities:				
Capital Assets Not Being Depreciated - Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Capital Assets Not Being Depreciated - DDA	330,000	-	-	330,000
Total Capital Assets Not Being Depreciated	<u>357,000</u>	<u>-</u>	<u>-</u>	<u>357,000</u>
Capital Assets Being Depreciated:				
Infrastructure	1,123,322	-	-	1,123,322
Infrastructure - DDA	1,251,472	-	-	1,251,472
Buildings & Building Improvements	499,997	93,648	-	593,644
Machinery & Equipment	173,588	-	-	173,588
Office Equipment	49,609	-	-	49,609
Equipment - Internal Service Fund	1,110,936	146,610	-	1,257,546
Total Capital Assets Being Depreciated	<u>4,208,925</u>	<u>240,258</u>	<u>-</u>	<u>4,449,182</u>
Accumulated Depreciation:				
Infrastructure	500,321	45,610	-	545,930
Infrastructure - DDA	414,711	37,657	-	452,367
Buildings & Building Improvements	252,266	16,325	-	268,591
Machinery & Equipment	130,023	7,887	-	137,910
Office Equipment	49,609	-	-	49,609
Equipment - Internal Service Fund	713,024	59,405	-	772,429
Total Accumulated Depreciation	<u>2,059,953</u>	<u>166,883</u>	<u>-</u>	<u>2,226,836</u>
Governmental Activities Capital Assets - Net	<u>\$ 2,505,972</u>	<u>\$ 73,375</u>	<u>\$ -</u>	<u>\$ 2,579,346</u>
Business-type Activities:				
Capital Assets Not Being Depreciated - Land	\$ 37,849	\$ -	\$ -	\$ 37,849
Capital Assets Being Depreciated:				
Sewage Treatment Plant	8,683,680	124,059	-	8,807,740
Water Distribution System	5,311,244	-	-	5,311,244
Total Capital Assets Being Depreciated	<u>13,994,924</u>	<u>124,059</u>	<u>-</u>	<u>14,118,983</u>
Accumulated Depreciation:				
Sewage Treatment Plant	3,827,595	194,604	-	4,022,199
Water Distribution System	1,604,714	109,741	-	1,714,456
Total Accumulated Depreciation	<u>5,432,310</u>	<u>304,345</u>	<u>-</u>	<u>5,736,655</u>
Business-type Activities Capital Assets - Net	<u>\$ 8,600,463</u>	<u>\$ (180,286)</u>	<u>\$ -</u>	<u>\$ 8,420,178</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 12,234
Public Safety	21,384
Public Works	128,429
Recreation & Culture	4,836
Total Governmental Activities	<u>\$ 166,883</u>
Business-type Activities:	
Sewer Fund	\$ 194,604
Water Fund	109,741
Total Business-type Activities	<u>\$ 304,345</u>

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

5. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “Due From Other Funds” or “Due To Other Funds” on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>	
Water Fund	\$ 2,146	Payroll Fund	\$ 2,146	(1)
Sewer Fund	5,793	Payroll Fund	5,793	(1)
General Fund	14,880	Payroll Fund	14,880	(1)
Equipment Fund	215	Payroll Fund	215	(1)
General Fund	1,815	Downtown Development Authority	1,815	(1)
Major Streets Fund	429	Payroll Fund	429	(1)
Local Streets Fund	429	Payroll Fund	429	(1)
Total	<u>\$ 25,706</u>		<u>\$ 25,706</u>	

(1) Unreimbursed bills and deposit errors as of the fiscal year end.

Interfund transfers reported in the Fund Statements are as follows:

	<u>Transferred From</u>		<u>Transferred To</u>	
General Fund	\$ 45,000	Sewer Fund	\$ 45,000	(2)
General Fund	3,700	Equipment Fund	3,700	(3)
General Fund	10,000	Park Fund	10,000	(2)
Major Streets Fund	40,000	Local Streets Fund	40,000	(2)
W.W.T.P. Improvement Debt Service	129,694	Sewer Fund	129,694	(3)
Water Fund	7,500	Equipment Fund	7,500	(3)
Sewer Fund	11,200	Equipment Fund	11,200	(3)
Water Tower Debt Service Fund	122,204	Water Fund	122,204	(3)
Total	<u>\$ 369,298</u>		<u>\$ 369,298</u>	

(2) To assist with operations.

(3) To fund current debt payment.

Interfund balances and transfers are netted out in the government-wide statements where possible.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

6. Long-Term Debt

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities:						
Police Vehicle: 2017 Dodge Charger Amount of Issue - \$23,471 Maturing Through June 2020	1.45%	\$7,747 - \$7,920	\$ -	\$ 23,471 (7,747)	\$ 15,724	\$ 7,805
2018 Ford F-750 Dump Truck Amount of Issue - \$124,693 Maturing Through June 2023	2.45%	\$9,819 - \$25,814	\$ -	\$ 124,693 (9,819)	\$ 114,874	\$ 23,962
2000 Sterling Vactor Truck Amount of Issue - \$137,500 Maturing Through May 2020	3.16%	\$18,064 - \$21,502	\$ 62,533	\$ (20,194)	\$ 42,339	\$ 21,500
Cherry Street Bridge - Local Streets Amount of Issue - \$162,227 Maturing Through October 2021	2.75%	\$14,280 - \$18,305	\$ 86,690	\$ (16,398)	\$ 70,292	\$ 16,855
Fiber Optic Equipment Amount of Issue - \$22,540 Maturing Through December 2017	0.00%	\$4,418 - \$4,598	\$ 4,507	\$ (4,507)	\$ -	\$ -
2014 GMC 2500 Truck - Equipment Fund Amount of Issue - \$29,366 Maturing Through February 2019	2.85%	\$5,548 - \$6,208	\$ 12,244	\$ (6,036)	\$ 6,208	\$ 6,208
Police Vehicle: 2015 Dodge Charger Amount of Issue - \$30,000 Maturing Through February 2018	2.13%	\$7,226 - \$7,752	\$ 15,288	\$ (7,590)	\$ 7,698	\$ 7,698
Equipment: Gehl Skid Steer Amount of Issue - \$34,045 Maturing Through July 2019	2.85%	\$6,432 - \$7,096	\$ 20,998	\$ (6,804)	\$ 14,194	\$ 6,998
Equipment: 2016 Ford Explorer Amount if Issue - \$36,815 Maturing Through May 2020	1.75%	\$8,966 - \$9,444	\$ 27,844	\$ (9,123)	\$ 18,721	\$ 9,282
Equipment: Street Sweeper Amount of Issue - \$82,000 Maturing Through September 2019	4.00%	\$19,933 - \$21,072	\$ 62,067	\$ (20,307)	\$ 41,760	\$ 20,688
Downtown Development Authority Obligations DDA Infrastructure Removal - Old Fire Hall Amount of Issue - \$50,000 Maturing Through October 2017	2.95%	\$8,986 - \$11,009	\$ 11,009	\$ (11,009)	\$ -	\$ -
Total Governmental Activities			<u>\$ 303,180</u>	<u>\$ 28,630</u>	<u>\$ 331,810</u>	<u>\$ 120,996</u>
Business-type Activities:						
General Obligation Bonds & Contracts 2018 WWTP Improvement Bonds Amount of Issue - \$530,000 Maturing through April 2028	2.65% - 3.50%	\$50,000 - \$65,000	\$ -	\$ 530,000 -	\$ 530,000	\$ -
2007 Revolving Drinking Water Bonds Amount of Issue - \$2,090,000 Maturing through October 2028	4.60% - 4.90%	\$85,000 - \$115,000	\$ 1,327,694	\$ (95,000)	\$ 1,232,694	\$ 100,000
2011 Lapeer Co. Refunding Bonds Amount of Issue - \$1,180,000 Maturing through December 2022	2.00% 3.50%	\$90,000 - \$130,000	\$ 700,000	\$ (105,000)	\$ 595,000	\$ 110,000
2014 Lapeer Co. General Obligation Bond Amount of Issue - \$650,000 Maturing through November 2026	2.61%	\$25,000 - \$75,000	\$ 600,000	\$ (50,000)	\$ 550,000	\$ 50,000
Lapeer Co. Lift Station Bonds Amount of Issue - \$465,000 Maturing through October 2024	3.50% 4.00%	\$25,000 - \$50,000	\$ 345,000	\$ (35,000)	\$ 310,000	\$ 40,000
Total Business-type Activities			<u>\$ 2,972,694</u>	<u>\$ 245,000</u>	<u>\$ 3,217,694</u>	<u>\$ 300,000</u>
Total			<u>\$ 3,275,874</u>	<u>\$ 273,630</u>	<u>\$ 3,549,504</u>	<u>\$ 420,996</u>

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

6. Long-Term Debt - Continued

Annual debt service requirements to maturity for the governmental bond and contract obligations are as follows:

Year(s) Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 120,335	\$ 8,308	\$ 128,643	\$ 300,000	\$ 85,692	\$ 385,692
2020	109,010	5,046	114,056	350,000	78,952	428,952
2021	42,987	2,374	45,361	365,000	68,181	433,181
2022	44,120	1,241	45,361	380,000	56,700	436,700
2023	15,358	127	15,485	395,000	45,422	440,422
2024-2028	-	-	-	1,305,000	94,478	1,399,478
2029	-	-	-	122,694	1,304	123,998
Total	\$ 331,810	\$ 17,096	\$ 348,906	\$ 3,217,694	\$ 430,729	\$ 3,648,423

7. Retirement System - MERS Operated

Plan Description - The Village participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee Defined Benefit Pension Plan (the "plan") that covers eligible employees of the Village. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits Provided - Benefits provided include plans with a multipliers of 1.00%. Vesting periods are between six and ten years depending on the department. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Final average compensation is calculated based on three or five years depending on the department. Member contributions range from 0% to 4.57% depending on the department.

Employees Covered by Benefit Terms - At the December 31, 2017 valuation date, the following employees were covered by benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	7
Inactive Employees Entitled to, but Not Yet Receiving Benefits	4
Active Employees	<u>13</u>
	<u>24</u>

Contributions - The employer is required to contribute amounts at least equally 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. The obligation to contribute to and maintain the system for these employees was established by negotiation with the Village's competitive bargaining units and requires a contribution from the employees, depending on the department (Police Department, Waste Water Treatment Plant and DPW) of 4.57%, 2.00% and 2.00%. The Village makes a contribution of 11.95%, 14.44% and 25.34% to the Police, Waste Water Treatment, and DPW departments' closed plans and contribution of 3.40%, 4.01% and 3.61% to the Police, Waste Water Treatment, and DPW departments' hybrid plans adopted in 2013.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

7. Retirement System - MERS Operated - Continued

Net Pension Liability - The employer's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.75% in the long-term; 3) Investment rate of return 7.75%, net of investment expense including inflation.

Mortality rates used were based on the RP-2014 Mortality Tables of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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 or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%
	100.0%	

Discount Rate - The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows 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 plans 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.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

7. Retirement System - MERS Operated - Continued

The schedule of Changes in Net Position Liability is as follows:

Total Pension Liability	
Service Cost	\$ 50,570
Interest on the Total Pension Liability	215,274
Differences Between Expected and Actual Experience of the Total Net Pension Liability	25,450
Benefit Payments and Refunds	<u>(155,072)</u>
Net Change in Total Pension Liability	136,222
Total Pension Liability - Beginning	<u>2,743,173</u>
Total Pension Liability - Ending (a)	<u><u>\$ 2,879,395</u></u>
Plan Fiduciary Net Position	
Employer Contributions	90,833
Employee Contributions	14,625
Pension Plan Net Investment Income	124,905
Benefit Payments and Refunds	<u>(155,072)</u>
Net Change in Plan Fiduciary Net Position	75,291
Plan Fiduciary Net Position - Beginning	<u>2,078,666</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>2,153,957</u></u>
Net Pension Liability (a-b)	<u><u>\$ 725,438</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.81%
Covered Employee Payroll	\$ 754,809
Net Pension Liability as a Percentage of Covered Employee Payroll	96.11%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the employer, calculated using the discount rate of 8.00%, as well as that the employer's net pension liability would be using a discount rate that is 1% point lower (7.00%) or 1% higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u><u>\$ 1,079,891</u></u>	<u><u>\$ 725,438</u></u>	<u><u>\$ 429,223</u></u>

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

7. Retirement System - MERS Operated - Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the fiscal year ended June 30, 2018, the employer recognized pension expense of \$72,617. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 25,450
Contributions Subsequent to the Measurement Date*	39,960
Total	\$ 65,410

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2018.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended,		
2019	\$	6,362
2020		6,362
2021		6,363
2022		6,363
	\$	25,450

8. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

NONE

9. Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries as well as medical and workman’s compensation benefits provided to employees. The Village has purchased commercial insurance for the various risks of loss stated above. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

10. Deferred Compensation Plan

The Village offers its employees a Deferred Compensation Plan (the “plan”) created in accordance with IRC Section 457. The assets of the plan were held in trust, as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian there of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Village’s financial statements. The total contributions for the fiscal year ending June 30, 2018 were \$9,512.

The Simplified Employee Plan (SEP-IRA) under IRC Section 401(a) provides annual contributions to each employee SEP-IRA of five to ten percent of annual compensation. The SEP-IRA retirement contributions are 100% vested. Total SEP-IRA contributions for the fiscal year ending June 30, 2018, were \$13,822.

11. Other Post-Employment Benefits

Plan Description - The Village provides retiree healthcare benefits (the “plan”) to eligible employees and their spouses. As of June 30, 2018, the plan has eight active and three retired members.

This is a Single Employer Defined Benefit Plan administered by the Village. Benefits are provided under collective bargaining agreements for employees hired before June 1, 2013. Employees hired after June 1, 2013 are under a hybrid plan. The plans do not issue separate stand-alone financial statements. Administrative costs are paid by the plans through employer contributions.

Funding Policy - The collective bargaining agreements currently do not require a contribution from employees. The Village has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). The only current contributions being made are to pay the actual current premiums of the retirees. The amount of the annual required contribution is reflected in the schedule to follow.

Funding Status and Fund Progress - The Village estimated the cost of providing retiree healthcare benefits through ACOPEB75 utilizing actuarial valuations as of June 30, 2018. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. As of June 30, 2018, the value of assets contributed to the plan was \$-0-.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

11. Other Post-Employment Benefits - Continued

This valuation's computed contribution and actual funding are summarized as follows:

	Post-Retirement Healthcare Plan
Annual Required Contribution (ARC)	\$ 134,059
Interest on the Prior Year's Net OPEB Obligation	37,137
Less Adjustment to the Annual Required Contribution (ARC)	95,931
Other Changes due to updated actuarial report	(30,948)
Annual OPEB Cost	236,179
Amounts Contributed - Current Premiums and Advance Funding	46,775
Increase in Net OPEB Obligation	189,404
OPEB Obligation - Beginning of Year	790,964
OPEB Obligation - End of Year	\$ 980,368

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB asset for the plan for the current year and previous year are as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/2014	\$ 148,390	18.51%	\$ 387,573
6/30/2015	\$ 159,993	24.42%	\$ 508,489
6/30/2016	\$ 174,901	28.62%	\$ 632,588
6/30/2017	\$ 173,413	25.67%	\$ 790,964
6/30/2018	\$ 134,059	13.67%	\$ 980,368

The fund progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/2012	\$ -	\$ 1,698,988	\$ 1,698,988	0.00%	\$ 525,955	323.03%
6/30/2013	\$ -	\$ 1,085,786	\$ 1,085,786	0.00%	\$ 632,016	171.80%
6/30/2014	\$ -	\$ 1,459,747	\$ 1,459,747	0.00%	\$ 642,422	227.23%
6/30/2018	\$ -	\$ 980,368	980,368	0.00%	\$ 395,000	248.19%

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

11. Other Post-Employment Benefits - *Continued*

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The Village qualified to use the Alternative Measurement Method (AMM), the calculation of the actuarial accrued liability and annual required contribution has been completed without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation, but with simplifications of several assumptions permitted per GASB guidelines. In the June 30, 2018, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a zero percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of eight percent initially, grading down to four and seven tenths of a percent over the next ten years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2018, was 30 years.

12. Subsequent Events

As of August 23, 2018, there were no subsequent events which have a material effect on the financial statements.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

14. Tax Abatements

Industrial Facilities Exemption

The Village entered into a property tax abatement agreement with multiple businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFE on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2018, the Village abated property tax revenues totaling \$2,490 under this program.

Commercial Rehabilitation Act

The Village entered into a property tax abatement agreement with one business under the Commercial Rehabilitation Act, PA 210 of 2005, as amended, affords a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District. Exemptions are approved for a term of 1-10 years, as determined by the local unit of government. The property taxes are based upon the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the certificate. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the STC.

For the year ended June 30, 2018, the Village abated property tax revenues totaling \$5,257 under this program.

Required Supplemental Information

Village of Almont

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

For The Fiscal Year Ended June 30, 2018

<u>Revenues</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Taxes				
Current Property Tax	\$ 883,228	\$ 864,370	\$ 767,559	\$ (96,811)
State-Shared Revenues	253,000	264,035	264,448	413
Licenses, Permits & Fees				
Tax Fees, Penalties & Interest	13,800	14,140	13,383	(758)
Liquor Licenses	2,350	2,350	2,302	(48)
Zoning Permits & Site Plan Review	1,500	1,500	1,265	(235)
Police Fines & District Court Fees	15,000	26,500	26,880	380
Franchise Fees	38,976	39,030	39,007	(23)
Total Licenses, Permits & Fees	71,626	83,520	82,837	(683)
Charges for Services				
Trash Collection	127,000	128,545	128,541	(4)
Live Scan	1,000	1,000	-	(1,000)
Police Contract	325,630	325,630	303,907	(21,723)
Total Charges for Services	453,630	455,175	432,448	(22,727)
Miscellaneous Revenues				
Refunds & Reimbursements	88,539	82,539	68,185	(14,354)
Miscellaneous	5,000	10,850	18,072	7,222
Donations/Homecoming	850	850	739	(111)
Cellular Land Lease	24,100	24,535	24,531	(4)
Total Miscellaneous Revenues	118,489	118,774	111,527	(7,247)
Interest Earnings	600	5,800	5,787	(13)
<u>Total Revenues</u>	\$ 1,780,573	\$ 1,791,674	\$ 1,664,605	\$ (127,069)

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 General Fund - *Continued*
 For The Fiscal Year Ended June 30, 2018

<u>Expenditures</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
General Government				
Legislative	\$ 7,100	\$ 7,905	\$ 6,994	\$ 911
Executive	139,780	125,200	119,850	5,350
General Administration	142,272	135,380	129,698	5,682
Central Municipal Activities	174,415	186,590	52,482	134,108
Total General Government	<u>463,567</u>	<u>455,075</u>	<u>309,025</u>	<u>146,050</u>
Public Safety				
Police Department	802,603	845,126	837,657	7,469
Planning & Zoning	10,565	10,610	10,473	137
Total Public Safety	<u>813,168</u>	<u>855,736</u>	<u>848,130</u>	<u>7,606</u>
Public Works				
Department of Public Works	134,985	175,760	174,875	885
Street Lighting	47,100	48,100	45,914	2,186
Sanitation	127,500	148,000	125,433	22,567
Total Public Works	<u>309,585</u>	<u>371,860</u>	<u>346,222</u>	<u>25,638</u>
Capital Outlay	-	115,000	93,648	21,352
Debt Service-Principal	4,510	4,510	4,507	3
Debt Service-Interest	-	-	-	-
Total Expenditures	<u>1,590,830</u>	<u>1,802,181</u>	<u>1,601,532</u>	<u>200,649</u>
Excess of Revenues Over (Under) Expenditure	189,743	(10,507)	63,074	73,581
Other Financing Sources (Uses)				
Transfers In (Out)	(108,700)	(58,700)	(58,700)	-
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	81,043	(69,207)	4,374	73,581
Fund Balance - Beginning of Year	-	-	805,827	805,827
Fund Balance - End of Year	<u>\$ 81,043</u>	<u>\$ (69,207)</u>	<u>\$ 810,201</u>	<u>\$ 879,408</u>

Village of Almont
 Required Supplemental Information
 Municipal Employees Retirement System of Michigan
 Schedule of Employer Contributions
 For The Fiscal Year Ended June 30, 2018

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2008	\$ 51,155	\$ 51,155	\$ -	\$ 707,469	7.23%
12/31/2009	\$ 56,288	\$ 56,288	\$ -	\$ 693,226	8.12%
12/31/2010	\$ 60,404	\$ 60,404	\$ -	\$ 756,251	7.99%
12/31/2011	\$ 55,893	\$ 55,893	\$ -	\$ 621,157	9.00%
12/31/2012	\$ 55,653	\$ 55,653	\$ -	\$ 651,777	8.54%
12/31/2013	\$ 57,525	\$ 57,525	\$ -	\$ 594,290	9.68%
12/31/2014	\$ 64,872	\$ 64,872	\$ -	\$ 606,507	10.70%
12/31/2015	\$ 70,919	\$ 70,919	\$ -	\$ 504,281	14.06%
12/31/2016	\$ 80,204	\$ 80,204	\$ -	\$ 726,286	11.04%
12/31/2017	\$ 90,833	\$ 90,833	\$ -	\$ 754,809	12.03%

Note: Actuarially determined contribution amounts are calculated as of December 31 each year, which is six months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contributions Rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	21
Asset valuation method	5-year smoothed value of assets
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	RP-2014 Mortality Tables of 50% male and 50% female blend

Village of Almont
 Required Supplemental Information
 Municipal Employees Retirement System of Michigan
 Schedule of Changes in Net Pension Liability and Related Ratios
 For The Fiscal Year Ended June 30, 2018

Total Pension Liability

Service Cost	\$	50,570
Interest on the Total Pension Liability		215,274
Differences Between Expected and Actual Experience of the Total Net Pension Liability		25,450
Benefit Payments and Refunds		<u>(155,072)</u>
Net Change in Total Pension Liability		136,222
Total Pension Liability - Beginning		<u>2,743,173</u>
Total Pension Liability - Ending (a)	\$	<u><u>2,879,395</u></u>

Plan Fiduciary Net Position

Employer Contributions	\$	90,833
Employee Contributions		14,625
Pension Plan Net Investment Income		124,905
Benefit Payments and Refunds		<u>(155,072)</u>
Net Change in Plan Fiduciary Net Position		75,291
Plan Fiduciary Net Position - Beginning		<u>2,078,666</u>
Plan Fiduciary Net Position - Ending (b)		<u><u>2,153,957</u></u>
Net Pension Liability (a-b)	\$	<u><u>725,438</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		74.81%
Covered Employee Payroll	\$	754,809
Net Pension Liability as a Percentage of Covered Employee Payroll		96.11%

Village of Almont

Required Supplemental Information
Municipal Employees Retirement System of Michigan
Schedule of Employers' Net Pension Liability
For The Fiscal Year Ended June 30, 2018

<u>Fiscal Year Ending June 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2016	\$ 2,752,816	\$ 2,041,617	\$ 711,199	74.16%	\$ 575,586	123.56%
2017	\$ 2,743,173	\$ 2,078,666	\$ 664,507	75.78%	\$ 726,286	91.49%
2018	\$ 2,879,395	\$ 2,153,957	\$ 725,438	74.81%	\$ 754,809	96.11%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2016 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

Other Supplemental Information

Village of Almont

Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds					Debt Service Funds			Total Nonmajor Governmental Funds
	Major Streets Fund	Local Streets Fund	Downtown Development Authority	Inspection Fund	Parks & Recreation Fund	Water Tower	Water System Improvement	W.W.T.P. Improvement Project	
<u>Assets & Deferred Outflows of Resources</u>									
<u>Assets</u>									
Cash & Cash Equivalents	\$ 188,039	\$ 161,944	\$ 331,722	\$ 7,061	\$ 11,382	\$ 66,370	\$ 4,617	\$ 72,353	\$ 843,489
Accounts Receivable	28,227	12,546	-	-	-	583	-	34,312	75,667
Prepaid Expenses	1,274	56	-	-	217	-	-	-	1,546
Due From Other Funds	429	429	-	-	-	-	-	-	858
Total Assets	217,968	174,976	331,722	7,061	11,599	66,953	4,617	106,665	921,560
<u>Deferred Outflows of Resources</u>									
	-	-	-	-	-	-	-	-	-
Total Assets & Deferred Outflows	\$ 217,968	\$ 174,976	\$ 331,722	\$ 7,061	\$ 11,599	\$ 66,953	\$ 4,617	\$ 106,665	\$ 921,560
<u>Liab., Def. Inflows of Resources & Fund Balances</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 466	\$ 371	\$ 794	\$ 162	\$ 650	\$ -	\$ -	\$ -	\$ 2,444
Due To Other Funds	-	-	1,815	-	-	-	-	-	1,815
Total Liabilities	466	371	2,609	162	650	-	-	-	4,259
<u>Deferred Inflows of Resources</u>									
	-	-	-	-	-	-	-	-	-
<u>Fund Balances</u>									
Nonspendable	1,274	56	-	-	217	-	-	-	1,546
Restricted For:									
Debt Service	-	-	-	-	-	66,953	4,617	106,665	178,235
Highways	216,228	174,548	-	-	-	-	-	-	390,776
Building Inspections	-	-	-	6,899	-	-	-	-	6,899
Public Works	-	-	329,113	-	-	-	-	-	329,113
Recreation & Culture	-	-	-	-	10,732	-	-	-	10,732
Total Liab., Def. Inflows & Fund Balances	\$ 217,968	\$ 174,976	\$ 331,722	\$ 7,061	\$ 11,599	\$ 66,953	\$ 4,617	\$ 106,665	\$ 921,560

Village of Almont

Other Supplemental Information
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For The Fiscal Year Ended June 30, 2018

	Special Revenue Funds					Debt Service Funds			Total Nonmajor Governmental Funds
	Major Streets Fund	Local Streets Fund	Downtown Development Authority	Inspection Fund	Park & Recreation Fund	Water Tower	Water System Improvement	W.W.T.P. Improvement Project	
Revenues									
Property Taxes	\$ -	\$ -	\$ 163,883	\$ -	\$ -	\$ 132,994	\$ 395	\$ -	297,272
Intergovernmental Revenues	173,460	99,262	-	-	10,000	-	-	-	\$ 282,721
Licenses, Fees & Permits	-	-	-	610	-	-	-	-	610
Charges for Services	-	-	-	-	-	-	-	134,222	134,222
Interest Earnings	114	88	168	8	40	466	47	64	995
Other Revenues	314	2,955	10	1,050	5,538	-	-	3,916	13,784
Total Revenues	173,888	102,304	164,061	1,668	15,578	133,460	442	138,203	729,605
Expenditures									
Public Safety	-	-	-	13,316	-	-	-	-	13,316
Public Works	77,563	86,386	86,154	-	-	-	-	-	250,103
Recreation & Culture	-	-	-	-	49,008	-	-	-	49,008
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service - Principal	-	16,398	11,009	-	-	-	-	-	27,407
Debt Service - Interest	-	2,417	329	-	-	-	-	-	2,746
Total Expenditures	77,563	105,201	97,492	13,316	49,008	-	-	-	342,580
Excess of Revenues Over (Under)									
Expenditures	96,325	(2,897)	66,569	(11,648)	(33,429)	133,460	442	138,203	387,025
Other Financing Sources (Uses)									
Transfers In (Out)	(40,000)	40,000	-	-	10,000	(122,204)	-	(129,694)	(241,898)
Net Change in Fund Balances	56,325	37,103	66,569	(11,648)	(23,429)	11,256	442	8,509	145,127
Fund Balances - Beginning of Year	161,177	137,501	262,544	18,547	34,378	55,697	4,175	98,156	772,175
Fund Balances - End of Year	\$ 217,502	\$ 174,604	\$ 329,113	\$ 6,899	\$ 10,949	\$ 66,953	\$ 4,617	\$ 106,665	\$ 917,302

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness
 June 30, 2018

Business-type Activities General Obligation Bonds & Contracts

Lapeer County Revolving Drinking Water Bonds
Water Tower Project

Dated: September 20, 2007
 Original Issue: \$2,090,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2018	2017	
4.75%	10/1/2017	\$ -	\$ 95,000	\$ -
4.75%	10/1/2018	100,000	100,000	25,132
4.75%	10/1/2019	100,000	100,000	23,007
4.80%	10/1/2020	100,000	100,000	20,882
4.85%	10/1/2021	105,000	105,000	18,704
4.90%	10/1/2022	110,000	110,000	16,419
4.90%	10/1/2023	115,000	115,000	14,029
4.90%	10/1/2024	115,000	115,000	11,586
4.90%	10/1/2025	120,000	120,000	9,089
4.90%	10/1/2026	120,000	120,000	6,539
4.90%	10/1/2027	125,000	125,000	3,936
4.90%	10/1/2028	122,694	122,694	1,304
<u>Total Revolving Drinking Water Bond</u>		<u>\$ 1,232,694</u>	<u>\$ 1,327,694</u>	<u>\$ 150,627</u>

Lapeer County General Obligation Limited Tax Bond
Pump Station

Dated: November 6, 2014
 Original Issue: \$650,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2018	2017	
2.61%	11/6/2017	\$ -	\$ 50,000	\$ -
2.61%	11/6/2018	50,000	50,000	13,703
2.61%	11/6/2019	50,000	50,000	12,398
2.61%	11/6/2020	50,000	50,000	11,092
2.61%	11/6/2021	50,000	50,000	9,788
2.61%	11/6/2022	50,000	50,000	8,483
2.61%	11/6/2023	75,000	75,000	6,851
2.61%	11/6/2024	75,000	75,000	5,873
2.61%	11/6/2025	75,000	75,000	3,915
2.61%	11/6/2026	75,000	75,000	1,958
<u>Total General Obligation Bond</u>		<u>\$ 550,000</u>	<u>\$ 600,000</u>	<u>\$ 74,061</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness - *Continued*
 June 30, 2018

Lapeer County 2011 Refunding Bonds
W.W.T.P. Improvement Project

Dated: October 5, 2011
 Original Issue: \$1,180,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
3.00%	12/1/2017	\$ -	\$ 105,000	\$ -
4.00%	12/1/2018	110,000	110,000	22,369
4.00%	12/1/2019	110,000	110,000	17,969
4.00%	12/1/2020	120,000	120,000	13,569
3.38%	12/1/2021	125,000	125,000	8,769
3.50%	12/1/2022	130,000	130,000	4,550
Total Refunding Bonds		\$ 595,000	\$ 700,000	\$ 67,225

Lapeer County Lift Station Bonds
E. St. Clair Lift Station

Dated: March 29, 2012
 Original Issue: \$465,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
3.50%	10/1/2017	\$ -	\$ 35,000	\$ -
3.80%	10/1/2018	40,000	40,000	11,400
3.80%	10/1/2019	40,000	40,000	9,880
3.80%	10/1/2020	40,000	40,000	8,360
4.00%	10/1/2021	45,000	45,000	6,700
4.00%	10/1/2022	45,000	45,000	4,900
4.00%	10/1/2023	50,000	50,000	3,000
4.00%	10/1/2024	50,000	50,000	1,000
Total Lift Station Bonds		\$ 310,000	\$ 345,000	\$ 45,240

Lapeer County 2018 WWTP Improvement Bonds
Wastewater Treatment Plant Improvements

Dated: June 13, 2018
 Original Issue: \$530,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
2.65%	4/1/2019	\$ -	\$ -	\$ 13,088
2.65%	4/1/2020	50,000	-	15,698
2.75%	4/1/2021	55,000	-	14,278
2.85%	4/1/2022	55,000	-	12,739
2.95%	4/1/2023	60,000	-	11,070
3.00%	4/1/2024	60,000	-	9,285
3.20%	4/1/2025	60,000	-	7,425
3.30%	4/1/2026	60,000	-	5,475
3.40%	4/1/2027	65,000	-	3,380
3.50%	4/1/2028	65,000	-	1,138
Total 2018 WWTP Improvement Bonds		\$ 530,000	\$ -	\$ 93,576

Total Business-type Activities Long-Term Debt		\$ 3,217,694	\$ 2,972,694	\$ 430,729
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Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness - *Continued*
 June 30, 2018

Governmental Activities General Obligation Bonds & Contracts

Installment Purchase Contract Payable
DPW Dump Truck: 2018 Ford F-750

Dated: November 27, 2017
 Original Issue: \$124,693

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
2.45%	6/30/2019	\$ 23,962	\$ -	\$ 2,583
2.45%	6/30/2020	24,559	-	1,985
2.45%	6/30/2021	25,181	-	1,364
2.45%	6/30/2022	25,814	-	731
2.45%	6/30/2023	15,357	-	128
<u>Total Installment Purchase Contract</u>		<u>\$ 114,874</u>	<u>\$ -</u>	<u>\$ 6,791</u>

Installment Purchase Contract Payable
Equipment: 2000 Sterling Vactor Truck

Dated: May 2, 2013
 Original Issue: \$137,500

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
3.16%	5/2/2018	\$ -	\$ 20,194	\$ -
3.16%	5/2/2019	20,839	20,839	1,352
3.16%	5/2/2020	21,500	21,500	689
<u>Total Installment Purchase Contract</u>		<u>\$ 42,339</u>	<u>\$ 62,533</u>	<u>\$ 2,041</u>

Installment Purchase Contract Payable
DDA: Infrastructure Removal - Old Fire Hall

Dated: October 16, 2012
 Original Issue: \$50,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
2.95%	10/16/2017	\$ -	\$ 11,009	\$ 325
<u>Total Installment Purchase Contract</u>		<u>\$ -</u>	<u>\$ 11,009</u>	<u>\$ 325</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness - *Continued*
 June 30, 2018

Tri-County Bank
Cherry Street Bridge

Dated: October 5, 2011
 Original Issue: \$162,227

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
2.75%	10/5/2017	\$ -	\$ 16,398	\$ -
2.75%	10/5/2018	16,855	16,855	1,960
2.75%	10/5/2019	17,325	17,325	1,490
2.75%	10/5/2020	17,806	17,806	1,010
2.75%	10/5/2021	18,306	18,306	510
<u>Total Cherry Street Bridge</u>		<u>\$ 70,292</u>	<u>\$ 86,690</u>	<u>\$ 4,970</u>

Tri-County Bank
Police Vehicle - 2016 Ford Explorer

Dated: May 31, 2016
 Original Issue: \$36,815

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
1.75%	5/31/2018	\$ -	\$ 9,123	\$ -
1.75%	5/31/2019	9,282	9,282	328
1.75%	5/31/2020	9,439	9,439	165
<u>Total Dump Truck</u>		<u>\$ 18,721</u>	<u>\$ 27,844</u>	<u>\$ 493</u>

Tri-County Bank
Fiber Optic Equipment

Dated: December 10, 2012
 Original Issue: \$22,540

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
0.00%	12/10/2017	\$ -	\$ 4,507	\$ -
<u>Total Fiber Optic Equipment</u>		<u>\$ -</u>	<u>\$ 4,507</u>	<u>\$ -</u>

Tri-County Bank
DPW Equipment - Street Sweeper

Dated: September 24, 2015
 Original Issue: \$82,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
4.00%	9/24/2017	\$ -	\$ 20,307	\$ -
4.00%	9/24/2018	20,688	20,688	783
4.00%	9/24/2019	21,072	21,072	395
<u>Total Street Sweeper</u>		<u>\$ 41,760</u>	<u>\$ 62,067</u>	<u>\$ 1,178</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness - *Continued*
 June 30, 2018

Tri-County Bank
Police Vehicle: 2017 Dodge Charger

Dated: July 11, 2017
 Original Issue: \$23,417

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
1.45%	6/26/2019	\$ 7,805	\$ -	\$ 231
1.45%	6/26/2020	7,919	-	117
<u>Total Installment Purchase</u>		<u>\$ 15,724</u>	<u>\$ -</u>	<u>\$ 348</u>

Tri-County Bank
Equipment - 2014 GMC 2500 HD Truck

Dated: February 13, 2014
 Original Issue: \$29,366

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
2.85%	2/13/2018	\$ -	\$ 6,036	\$ -
2.85%	2/13/2019	6,208	6,208	177
<u>Total Installment Purchase</u>		<u>\$ 6,208</u>	<u>\$ 12,244</u>	<u>\$ 177</u>

Tri-County Bank
Equipment - Gehl Skid Steer

Dated: 8/11/2014
 Original Issue: \$34,045

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
2.85%	7/24/2017	\$ -	\$ 6,804	\$ -
2.85%	7/24/2018	6,998	6,998	405
2.85%	7/24/2019	7,196	7,196	205
<u>Total Installment Purchase</u>		<u>\$ 14,194</u>	<u>\$ 20,998</u>	<u>\$ 610</u>

Tri-County Bank
Police Vehicle: 2015 Dodge Charger

Dated: February 12, 2015
 Original Issue: \$30,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2018</u>	<u>2017</u>	
2.13%	2/13/2017	\$ -	\$ 7,590	\$ -
2.13%	2/13/2018	7,698	7,698	164
<u>Total Installment Purchase</u>		<u>\$ 7,698</u>	<u>\$ 15,288</u>	<u>\$ 164</u>

Total Governmental Activities Long-Term Debt \$ 331,810 \$ 303,180 \$ 17,096

KING & KING CPAs LLC

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Ryan L. King, C.P.A.

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IMLAY CITY, MI 48444
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August 23, 2018

Village of Almont
817 North Main Street
Almont, MI 48003

To the Members of the Council:

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information as of and for the fiscal year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the **Village of Almont's** internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the **Village of Almont's** internal control to be a significant deficiency:

Segregation of Duties – Due to the limited number of people, many critical duties are combined and given to the available employees/council members. To the extent possible, duties should be segregated to serve as a check and balance to maintain the best control possible. We recommend the Village segregate duties whenever possible.

This information is intended solely for the information and use of management, **Village of Almont**, and others within the organization, and is not intended to be, nor should it be used by anyone other than these specified parties.

Sincerely,

King & King CPAs LLC
KING & KING CPAs LLC

KING & KING CPAs LLC

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August 23, 2018

Village of Almont
817 North Main Street
Almont, MI 48003

To the Members of the Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the **Village of Almont** for the fiscal year ended June 30, 2017, and have issued our report thereon dated August 23, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 28, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted auditing standards. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of auditing standards and their application. The significant accounting policies used by the **Village of Almont** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Difficulties Encountered in Performing the Audit

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

KING & KING CPAs LLC

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Audit Adjustments (Corrected and Uncorrected Misstatements)

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 23, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Restriction on Use

This information is intended solely for the information and use of management, the Council of the **Village of Almont**, and Federal and State agencies and is not intended to be, nor should it be used by anyone other than these specified parties.

Sincerely,

King & King CPAs LLC
KING & KING CPAs LLC