

Village of Almont

Lapeer County, Michigan

Audited Financial Report
June 30, 2020

KING & KING CPAs LLC

Marlette - Imlay City
Michigan

Village of Almont
 Annual Financial Report
 For The Fiscal Year Ended June 30, 2020

Table of Contents

	<u>Page Number</u>
I. Independent Auditor’s Report	1-2
II. Management’s Discussion and Analysis Letter	MD&A 1-3
III. Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Governmental Funds	
Balance Sheet.....	5
Reconciliation of Fund Balances to the Statement of Net Position.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Proprietary Funds	
Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Net Position.....	10
Statement of Cash Flows	11
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities – Agency Fund	12
Notes to the Financial Statements.....	13-29
IV. Required Supplemental Information	30
Budgetary Comparison Schedule	
General Fund	31-32

Village of Almont
Annual Financial Report
For The Fiscal Year Ended June 30, 2020

Municipal Employees Retirement System of Michigan	
Schedule of Employer Contributions.....	33
Schedule of Changes in Net Pension Liability and Related Ratios	34
Other Post Employment Benefits	
Schedule of Employer Contributions - OPEB	35
Schedules of Changes in Net OPEB and Related Ratios	36
V. Other Supplemental Information.....	37
Nonmajor Governmental Funds	
Combining Balance Sheet	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	39
Schedule of Indebtedness	40-44

KING & KING CPAs LLC

Joseph J. Raymond

www.kingandkingcpas.com

Ryan L. King, C.P.A.
3531 MAIN STREET
MARLETTE, MI 48453
Phone 989-635-3113
Fax 989-635-5580

Wesley D. Messing, C.P.A.
148 N. ALMONT AVENUE
IMLAY, MICHIGAN 48444
Phone 810-724-1120
Fax 810-519-1332

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, 2020, 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, 2020, 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.

KING & KING CPAs LLC

Ryan L. King, C.P.A.
3531 MAIN STREET
MARLETTE, MI 48453
Phone 989-635-3113
Fax 989-635-5580

Joseph J. Raymond
www.kingandkingcpas.com

Wesley D. Messing, C.P.A.
148 N. ALMONT AVENUE
IMLAY, MICHIGAN 48444
Phone 810-724-1120
Fax 810-519-1332

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 26, 2020

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, 2020. 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	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current Assets	\$ 2,048,417	\$ 1,866,846	\$ 1,844,873	\$ 1,654,223	\$ 3,893,290	\$ 3,521,069
Noncurrent Assets	3,110,677	2,848,992	8,438,908	8,718,257	11,549,585	11,567,249
Total Assets	<u>5,159,094</u>	<u>4,715,838</u>	<u>10,283,781</u>	<u>10,372,480</u>	<u>15,442,875</u>	<u>15,088,318</u>
Current Liabilities	333,609	204,822	427,938	494,526	761,547	699,348
Noncurrent Liabilities	2,324,646	1,870,050	2,202,694	2,567,694	4,527,340	4,437,744
Total Liabilities	<u>2,658,255</u>	<u>2,074,872</u>	<u>2,630,632</u>	<u>3,062,220</u>	<u>5,288,887</u>	<u>5,137,092</u>
Net Position:						
Net Inv. In Cap. Assets	1,203,083	1,445,828	5,855,582	5,786,373	7,058,665	7,232,201
Restricted	580,076	659,212	15,064	13,418	595,140	672,630
Unrestricted	717,679	535,927	1,782,501	1,510,469	2,500,180	2,046,396
Total Net Position	<u>\$ 2,500,838</u>	<u>\$ 2,640,967</u>	<u>\$ 7,653,147</u>	<u>\$ 7,310,260</u>	<u>\$ 10,153,985</u>	<u>\$ 9,951,227</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	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Revenues						
Program Revenues:						
Charges for Services	\$ 811,315	\$ 797,158	\$ 1,479,021	\$ 1,527,015	\$ 2,290,336	\$ 2,324,173
Grants & Contributions	356,282	314,240	-	-	356,282	314,240
General Revenues:					-	-
Property Taxes	1,171,407	1,112,564	-	-	1,171,407	1,112,564
State-Shared Revenues	283,592	275,225	-	-	283,592	275,225
Interest Earnings	21,631	19,081	20,742	11,164	42,373	30,245
Other Revenues	182,420	169,473	-	-	182,420	169,473
Transfers	(273,799)	(272,803)	273,799	272,803	-	-
Total Revenues	<u>2,552,848</u>	<u>2,414,938</u>	<u>1,773,562</u>	<u>1,810,982</u>	<u>4,326,410</u>	<u>4,225,920</u>
Program Expenses						
General Government	\$ 950,891	\$ 631,147	\$ -	\$ -	\$ 950,891	\$ 631,147
Public Safety	873,353	847,051	-	-	873,353	847,051
Public Works	838,338	740,584	-	-	838,338	740,584
Recreation & Culture	17,760	20,383	-	-	17,760	20,383
Interest on LT Debt	7,727	5,956	78,193	83,926	85,920	89,883
Water & Sewer	-	-	1,352,483	1,436,867	1,352,483	1,436,867
Total Program Expenses	<u>2,688,069</u>	<u>2,245,122</u>	<u>1,430,676</u>	<u>1,520,794</u>	<u>4,118,745</u>	<u>3,765,916</u>
Change in Net Position	<u>\$ (135,221)</u>	<u>\$ 169,816</u>	<u>\$ 342,886</u>	<u>\$ 290,188</u>	<u>\$ 207,665</u>	<u>\$ 460,004</u>

The Village as a Whole

- The Village's Governmental Activities net position decreased by \$135,221 this fiscal year. This compares to a net increase of \$169,816 in the previous fiscal year. This year's negative Change in Net Position was largely due to the cost for pension and other post-employment benefits (which totaled about \$400,000).
- The Village's Business-type Activities net position increased by \$342,886 this fiscal year. This compares to a net increase of \$290,188 in the previous fiscal year. Although revenues decreased, there was also a decrease in expenses in the current fiscal year for maintaining the utility infrastructure.
- The Village's primary source of revenue is from charges for services and property taxes, which represent 80% 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, 2020 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, 2020, the Village purchased resurfaced portions of Johnson and North Street and all of Cherry Street out of the Local Streets Fund for a total cost of \$104,182. The Equipment fund purchased a 2020 Dodge Durango police vehicle for \$29,537, and John Deere backhoe/loader for \$106,282 and a DPW pickup truck for \$30,251. The Sewer Fund purchased various equipment totaling \$67,485. The DDA Fund conducted streetscape work for \$168,177. Lastly, the General Fund purchased various equipment totaling \$24,568. Additional information regarding the Village's capital assets can be found in Note 4 to the financial statements.

The Village incurred additional debt in the fiscal year ended June 30, 2020 for the purchase of the John Deere backhoe and DPW Truck (totaling \$118,533). The Village's total debt as of June 30, 2020, was \$2,788,599, with principal payments of \$422,561 due within one year. There were principal payments of \$459,014 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 1,775,387	\$ 1,451,393	\$ 3,226,780
Accounts Receivable	192,791	378,416	571,207
Prepaid Expenses	21,915	15,064	36,979
Due From Other Funds (Net)	58,324	-	58,324
Capital Assets			
Nondepreciable Capital Assets	357,000	37,849	394,849
Depreciable Capital Assets	<u>2,753,677</u>	<u>8,401,059</u>	<u>11,154,735</u>
<u>Total Assets</u>	<u>5,159,093</u>	<u>10,283,780</u>	<u>15,442,873</u>
<u>Deferred Outflows of Resources</u>			
	-	-	-
<u>Liabilities</u>			
Accounts Payable	256,757	42,255	299,012
Accrued Interest Payable	2,816	15,631	18,447
Due To Other Funds (Net)	-	5,052	5,052
Current Portion of Long-Term Debt	57,561	365,000	422,561
Noncurrent Liabilities:			
Net Retiree Healthcare Obligation	1,220,517	-	1,220,517
Net Pension Liability	702,052	-	702,052
Long-Term Debt	<u>163,362</u>	<u>2,202,694</u>	<u>2,366,056</u>
<u>Total Liabilities</u>	<u>2,403,065</u>	<u>2,630,633</u>	<u>5,033,698</u>
<u>Deferred Inflows of Resources</u>			
Deferred Revenues	16,475	-	16,475
Related to the Pension Plan	<u>238,715</u>	<u>-</u>	<u>238,715</u>
<u>Total Deferred Inflows</u>	255,190	-	255,190
<u>Net Position</u>			
Net Investment in Capital Assets	1,203,083	5,855,582	7,058,665
Nonspendable	12,422	15,064	27,486
Restricted:			
Restricted for Debt Service	189,949	-	189,949
Restricted for Other Uses	377,705	-	377,705
Unrestricted	<u>717,679</u>	<u>1,782,501</u>	<u>2,500,179</u>
<u>Total Net Position</u>	<u>\$ 2,500,838</u>	<u>\$ 7,653,147</u>	<u>\$ 10,153,985</u>

The notes are an integral part of the statements.

Village of Almont
Statement of Activities
For The Fiscal Year Ended June 30, 2020

<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	\$ 950,891	\$ 205,805	\$ -	\$ -	\$ (745,087)	\$ -	\$ (745,087)
Public Safety	873,353	338,091	-	-	(535,261)	-	(535,261)
Public Works	838,338	267,419	299,622	56,520	(214,777)	-	(214,777)
Recreation & Culture	17,760	-	140	-	(17,620)	-	(17,620)
Interest on Long-Term Debt	7,727	-	-	-	(7,727)	-	(7,727)
<u>Total Governmental Activities</u>	<u>2,688,069</u>	<u>811,315</u>	<u>299,762</u>	<u>56,520</u>	<u>(1,520,472)</u>	<u>-</u>	<u>(1,520,472)</u>
Business-type Activities	1,352,483	1,479,021	-	-	-	126,538	126,538
Interest on Long-Term Debt	78,193	-	-	-	-	(78,193)	(78,193)
<u>Total Business-type Activities</u>	<u>1,430,675</u>	<u>1,479,021</u>	<u>-</u>	<u>56,520</u>	<u>-</u>	<u>48,346</u>	<u>48,346</u>
Total Primary Government	\$ <u>4,118,745</u>	\$ <u>2,290,336</u>	\$ <u>299,762</u>	\$ <u>113,040</u>	\$ <u>(1,520,472)</u>	\$ <u>48,346</u>	\$ <u>(1,472,127)</u>
General Revenues:							
Property Taxes					\$ 1,171,407	\$ -	\$ 1,171,407
State-Shared Revenues					283,592	-	283,592
Interest Earnings					21,631	20,742	42,373
Other Revenues					182,420	-	182,420
Transfers					(273,799)	273,799	-
Total General Revenues, Special Items & Transfers					<u>1,385,251</u>	<u>294,541</u>	<u>1,679,792</u>
Change in Net Position					(135,221)	342,887	207,666
Net Position - Beginning of Year					<u>2,636,060</u>	<u>7,310,260</u>	<u>9,946,319</u>
Net Position - End of Year					<u>\$ 2,500,838</u>	<u>\$ 7,653,147</u>	<u>\$ 10,153,985</u>

The notes are an integral part of the statements.

Village of Almont

Governmental Funds

Balance Sheet

June 30, 2020

	<u>General Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash & Cash Equivalents	\$ 756,418	\$ 888,017	\$ 1,644,436
Accounts Receivable	54,847	135,134	189,981
Prepaid Expenses	10,177	2,245	12,422
Due From Other Funds	61,502	-	61,502
	<u>882,944</u>	<u>-</u>	<u>61,502</u>
Total Assets	\$ 882,944	\$ 1,025,396	\$ 1,908,340
<u>Liabilities & Fund Equity</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 66,823	\$ 158,354	\$ 225,177
Deferred Revenues	16,475	-	16,475
Due To Other Funds	-	3,178	3,178
	<u>-</u>	<u>3,178</u>	<u>3,178</u>
Total Liabilities	83,298	161,532	244,830
<u>Fund Equity</u>			
Fund Balances:			
Nonspendable	10,177	2,245	12,422
Restricted For:			
Debt Service	-	189,949	189,949
Highways	-	357,818	357,818
Building Inspection	-	5,852	5,852
Homecoming	4,543	-	4,543
Public Works	-	283,154	283,154
Parks	-	24,846	24,846
Committed For:			
Park	-	-	-
Unassigned	784,927	-	784,927
	<u>799,647</u>	<u>863,864</u>	<u>1,663,510</u>
Total Fund Equity	799,647	863,864	1,663,510
Total Liabilities & Fund Equity	\$ 882,944	\$ 1,025,396	\$ 1,908,340

Village of Almont
 Governmental Funds
 Reconciliation of Fund Balances to the
 Statement of Net Position
 For The Fiscal Year Ended June 30, 2020

Total Fund Balances for Governmental Funds and Equipment Fund	\$	2,133,845
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
Capital assets used in Governmental Activities are not financial resources and are not reported in the funds.		2,564,396
Long-term bonds payable are not due and payable in the current period and are not reported in the funds.		(36,119)
Other post-employment benefit obligation in Governmental Activities is not reported in the funds.		(1,220,517)
Net pension liability is not due and payable in the current period and is not reported as fund liabilities.		(702,052)
Certain pension contributions and changes in pension plan liabilities are reported as deferred outflows of resources in the Statement of Net Position.		<u>(238,715)</u>
Net Position of Governmental Activities	\$	<u><u>2,500,838</u></u>

Village of Almont
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2020

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Property Taxes	\$ 871,902	\$ 299,505	\$ 1,171,407
Intergovernmental Revenues	283,592	299,622	583,214
Licenses, Permits & Fees	60,112	-	60,112
Charges for Services	471,165	130,072	601,237
Interest Earnings	6,707	13,353	20,060
Other Revenues	121,750	5,440	127,190
<u>Total Revenues</u>	<u>1,815,227</u>	<u>747,992</u>	<u>2,563,220</u>
<u>Expenditures</u>			
General Government	355,638	-	355,638
Public Safety	864,786	417	865,203
Public Works	364,618	380,472	745,090
Recreation & Culture	-	13,121	13,121
Capital Outlay	18,501	278,427	296,928
Debt Service - Principal	-	17,318	17,318
Debt Service - Interest	-	1,498	1,498
<u>Total Expenditures</u>	<u>1,603,543</u>	<u>691,251</u>	<u>2,294,794</u>
Excess of Revenues Over (Under) Expenditures	211,684	56,741	268,425
<u>Other Financing Sources (Uses)</u>			
Grant Revenue	-	56,520	56,520
Transfers In (Out)	(55,422)	(239,526)	(294,948)
Net Change in Fund Balances	156,262	(126,265)	29,997
<u>Fund Balances - Beginning of Year</u>	<u>643,385</u>	<u>990,129</u>	<u>1,633,513</u>
<u>Fund Balances - End of Year</u>	<u>\$ 799,647</u>	<u>\$ 863,864</u>	<u>\$ 1,663,510</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, 2020

Net Change in Fund Balances - Total Governmental Funds and Equipment Fund \$ 68,567

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.

296,928

Repayment of bond principal is an expenditure in the Governmental
Funds, but not in the Statement of Activities (where it
reduces long-term debt).

17,318

Change in other post-employment benefit obligation is recorded
when incurred in the Statement of Activities.

(268,487)

Pension expense is recognized in the Statement of Activities when
incurred, but in the Governmental Funds when paid.

(123,139)

Depreciation is an expenditure for the Statement of
Activities, but is not reported in the Governmental Funds.

(126,408)

Net Change in Net Position of Governmental Activities \$ (135,221)

Village of Almont

Proprietary Funds
Statement of Net Position
June 30, 2020

	Enterprise Funds		Total	Internal
	Sewer Fund	Water Fund	Enterprise Funds	Service Fund Equipment
Assets				
<u>Current Assets</u>				
Cash & Cash Equivalents	\$ 1,003,625	\$ 447,768	\$ 1,451,393	\$ 130,951
Accounts Receivable	225,677	152,739	378,416	2,810
Prepaid Expenses	10,830	4,235	15,064	9,493
Due From Other Funds	-	-	-	-
<u>Total Current Assets</u>	<u>1,240,131</u>	<u>604,741</u>	<u>1,844,873</u>	<u>143,255</u>
<u>Noncurrent Assets</u>				
Capital Assets Not Being Depreciated	100	37,749	37,849	-
Capital Assets Being Depreciated	9,495,100	5,311,244	14,806,343	1,408,030
Less: Accumulated Depreciation	(4,471,873)	(1,933,412)	(6,405,285)	(861,749)
<u>Total Noncurrent Assets</u>	<u>5,023,326</u>	<u>3,415,581</u>	<u>8,438,907</u>	<u>546,281</u>
<u>Total Assets</u>	<u>6,263,458</u>	<u>4,020,322</u>	<u>10,283,780</u>	<u>689,535</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
Liabilities				
<u>Current Liabilities</u>				
Accounts Payable	14,983	27,272	42,255	31,580
Due To Other Funds	5,052	-	5,052	-
Accrued Interest Payable	7,169	8,462	15,631	2,816
Current Portion of Long-Term Debt	215,000	150,000	365,000	39,755
<u>Total Current Liabilities</u>	<u>242,205</u>	<u>185,734</u>	<u>427,939</u>	<u>74,151</u>
<u>Long-Term Liabilities</u>				
Bonds Payable	870,000	1,332,694	2,202,694	145,050
<u>Total Liabilities</u>	<u>1,112,205</u>	<u>1,518,428</u>	<u>2,630,633</u>	<u>219,201</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
Net Position				
Net Investment in Capital Assets	3,931,157	1,924,425	5,855,582	358,660
Restricted	10,830	4,235	15,064	9,493
Unrestricted	1,209,266	573,235	1,782,501	102,182
<u>Total Net Position</u>	<u>\$ 5,151,252</u>	<u>\$ 2,501,894</u>	<u>\$ 7,653,147</u>	<u>\$ 470,335</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, 2020

	<u>Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Fund Equipment</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>		
<u>Operating Revenues</u>				
User Charges & Penalties	\$ 814,972	\$ 599,764	\$ 1,414,736	\$ 33,720
Service Connection Charges	20,250	28,229	48,479	-
Other Income	2,869	11,745	14,614	11,207
Grant Income	1,192	-	1,192	-
Equipment Rental	-	-	-	144,209
<u>Total Operating Revenues</u>	<u>839,283</u>	<u>639,738</u>	<u>1,479,021</u>	<u>189,136</u>
<u>Operating Expenditures</u>				
Cost of Water	-	234,819	234,819	-
Operation & Maintenance	492,482	233,114	725,596	107,751
General & Administration	28,390	16,845	45,235	600
Depreciation	237,356	109,478	346,834	74,906
<u>Total Operating Expenditures</u>	<u>758,228</u>	<u>594,255</u>	<u>1,352,483</u>	<u>183,257</u>
Operating Income (Loss)	81,055	45,483	126,538	5,879
<u>Non-Operating Revenues (Expenditures)</u>				
Interest Earned	14,048	6,694	20,742	1,571
Interest Expense	(42,518)	(35,674)	(78,193)	(6,230)
Gain (Loss) on Sale of Fixed Assets	-	-	-	16,200
Transfers From (To) Other Funds	158,292	115,507	273,799	21,149
Change in Net Position	210,878	132,009	342,887	38,570
<u>Net Position - Beginning of Year</u>	<u>4,940,375</u>	<u>2,369,885</u>	<u>7,310,260</u>	<u>431,765</u>
<u>Net Position - End of Year</u>	<u>\$ 5,151,252</u>	<u>\$ 2,501,894</u>	<u>\$ 7,653,147</u>	<u>\$ 470,335</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, 2020

	<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	\$ 819,286	\$ 638,583	\$ 1,457,869	\$ 188,964
Payments For Operation, Maintenance & Water	(526,306)	(487,174)	(1,013,480)	(81,883)
Payments For General & Administration	(28,390)	(16,996)	(45,386)	(600)
<u>Net Cash Provided by Operating Activities</u>	<u>264,591</u>	<u>134,412</u>	<u>399,003</u>	<u>106,481</u>
<u>Cash Flows From Noncapital Financing Activities</u>				
Operating Transfers In (Out)	158,292	115,507	273,799	21,149
Received (Paid) "Due To / From Other Funds"	(14,520)	(16,936)	(31,457)	(29,628)
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>143,772</u>	<u>98,571</u>	<u>242,343</u>	<u>(8,479)</u>
<u>Cash Flows From Capital & Related Financing Activities</u>				
Interest Expense	(41,346)	(35,405)	(76,751)	(3,414)
Net Proceeds From Issuance (Payments) of Long-Term Debt	(200,000)	(150,000)	(350,000)	28,867
Sale (Purchase) of Capital Assets	(67,485)	-	(67,485)	(149,870)
<u>Net Cash Provided by Capital & Related Financing Activities</u>	<u>(308,831)</u>	<u>(185,405)</u>	<u>(494,236)</u>	<u>(124,417)</u>
<u>Cash Flows From Investing Activities</u>				
Increase in Customer Deposits	-	-	-	-
Interest Received on Investments	14,048	6,694	20,742	1,571
Net Increase (Decrease) in Cash & Cash Equivalents	113,580	54,272	167,852	(24,843)
<u>Cash & Cash Equivalents - Beginning of Year</u>	<u>890,045</u>	<u>393,496</u>	<u>1,283,541</u>	<u>155,795</u>
<u>Cash & Cash Equivalents - End of Year</u>	<u>\$ 1,003,625</u>	<u>\$ 447,768</u>	<u>\$ 1,451,393</u>	<u>\$ 130,951</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</u>				
Operating Income (Loss)	81,055	45,483	126,538	5,879
Adjustments to Reconcile Operating Income (Loss) From Operating Activities:				
Depreciation	237,356	109,478	346,834	74,906
Changes in Assets & Liabilities:				
Prior Period Adjustment	-	-	-	(1,987)
Prepaid Expenses	(1,494)	(152)	(1,646)	566
Accounts Receivable	(19,997)	(1,155)	(21,152)	(172)
Accounts Payable	(32,329)	(19,242)	(51,571)	25,302
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 264,591</u>	<u>\$ 134,412</u>	<u>\$ 399,003</u>	<u>\$ 104,494</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, 2020

	Payroll Fund	Totals June 30, 2020
<u>Assets</u>		
Cash & Cash Equivalents	\$ 59,029	\$ 59,029
Due From Other Funds	5,052	5,052
<u>Total Assets</u>	\$ 64,081	\$ 64,081
 <u>Liabilities</u>		
Due To Other Funds	\$ 58,324	\$ 58,324
Due To Others	5,757	5,757
<u>Total Liabilities</u>	\$ 64,081	\$ 64,081

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2020

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, 2020

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, 2020

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 2019 tax is levied and collectible on July 1, 2019, and is recognized as revenue in the fiscal year ended June 30, 2020, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the Village totaled about \$70 million (a portion of which is captured by the DDA), on which taxes levied consisted of 13.5670 mills for operating purposes and 1.75 mills for water tower debt service. This resulted in approximately \$866,000 for operating and \$123,000 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. As of June 30, 2020, the accumulated value of compensated absences was \$132,794. Included in this amount is \$53,540 of COVID allowances which will expire on December 31, 2020.

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 \$5,000 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, 2020

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, 2020

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, 2020, 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, 2020

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	\$ 1,775,387	\$ 1,451,393	\$ 59,029	\$ 3,285,808

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 3,285,808

The bank balance of the primary government's deposits is \$3,285,808, of which \$2,675,809 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 \$609,999 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, 2020

4. Capital Assets

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

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance June 30, 2019</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	1,167,900	104,182	-	1,272,082
Infrastructure - DDA	1,292,390	168,177	-	1,460,568
Buildings & Building Improvements	869,838	9,397	-	879,235
Machinery & Equipment	187,090	6,067	-	193,157
Office Equipment	85,560	9,104	-	94,664
Equipment - Internal Service Fund	1,291,949	166,070	49,989	1,408,030
Total Capital Assets Being Depreciated	<u>4,894,727</u>	<u>462,998</u>	<u>49,989</u>	<u>5,307,736</u>
Accumulated Depreciation:				
Infrastructure	594,347	51,479	-	645,826
Infrastructure - DDA	488,876	38,325	-	527,200
Buildings & Building Improvements	288,522	25,599	-	314,122
Machinery & Equipment	144,549	6,727	-	151,275
Office Equipment	49,609	4,278	-	53,887
Equipment - Internal Service Fund	836,833	74,906	49,989	861,749
Total Accumulated Depreciation	<u>2,402,736</u>	<u>201,313</u>	<u>49,989</u>	<u>2,554,060</u>
Governmental Activities Capital Assets - Net	<u>\$ 2,848,991</u>	<u>\$ 261,685</u>	<u>\$ -</u>	<u>\$ 3,110,676</u>
Business-type Activities:				
Capital Assets Not Being Depreciated - Land	\$ 37,849	\$ -	\$ -	\$ 37,849
Capital Assets Being Depreciated:				
Sewage Treatment Plant	9,427,614	67,485	-	9,495,099
Water Distribution System	5,311,244	-	-	5,311,244
Total Capital Assets Being Depreciated	<u>14,738,858</u>	<u>67,485</u>	<u>-</u>	<u>14,806,343</u>
Accumulated Depreciation:				
Sewage Treatment Plant	4,234,518	237,356	-	4,471,874
Water Distribution System	1,823,934	109,478	-	1,933,412
Total Accumulated Depreciation	<u>6,058,451</u>	<u>346,834</u>	<u>-</u>	<u>6,405,285</u>
Business-type Activities Capital Assets - Net	<u>\$ 8,718,255</u>	<u>\$ (279,349)</u>	<u>\$ -</u>	<u>\$ 8,438,906</u>

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

Governmental Activities:	
General Government	\$ 20,371
Public Safety	37,142
Public Works	139,161
Recreation & Culture	4,639
Total Governmental Activities	<u>\$ 201,313</u>
Business-type Activities:	
Sewer Fund	\$ 237,356
Water Fund	109,478
Total Business-type Activities	<u>\$ 346,834</u>

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2020

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:

	Due From Other Funds		Due To Other Funds	
Payroll Fund	\$ 5,052	Sewer Fund	\$ 5,052	(1)
General Fund	58,324	Payroll Fund	58,324	(1)
General Fund	2,268	Downtown Development Authority	2,268	(1)
General Fund	<u>910</u>	Park Fund	<u>910</u>	(1)
Total	<u>\$ 66,555</u>		<u>\$ 66,555</u>	

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

Interfund transfers reported in the Fund Statements are as follows:

	Transferred From		Transferred To	
General Fund	\$ 42,973	Sewer Fund	\$ 42,973	(2)
General Fund	2,449	Equipment Fund	2,449	(3)
General Fund	10,000	Park Fund	10,000	(2)
Water System Improvement Fund	4,818	Water Tower Debt Service Fund	4,818	(4)
W.W.T.P. Improvement Debt Service	126,519	Sewer Fund	126,519	(3)
Water Fund	7,500	Equipment Fund	7,500	(3)
Sewer Fund	11,200	Equipment Fund	11,200	(3)
Water Tower Debt Service Fund	<u>123,007</u>	Water Fund	<u>123,007</u>	(3)
Total	<u>\$ 328,466</u>		<u>\$ 328,466</u>	

(2) To assist with operations.

(3) To fund current debt payment.

(4) To close Water System Improvement Fund

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, 2020

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	\$ 7,919	\$ (7,919)	\$ -	\$ -
2018 Ford F-750 Dump Truck Amount of Issue - \$124,693 Maturing Through June 2023	2.45%	\$9,819 - \$25,814	\$ 90,831	\$ (24,559)	\$ 66,272	\$ 25,181
2000 Sterling Vactor Truck Amount of Issue - \$137,500 Maturing Through May 2020	3.16%	\$18,064 - \$21,502	\$ 21,500	\$ (21,500)	\$ -	\$ -
Cherry Street Bridge - Local Streets Amount of Issue - \$162,227 Maturing Through October 2021	2.75%	\$14,280 - \$18,305	\$ 53,425	\$ (17,325)	\$ 36,100	\$ 17,806
2019 GMC 2500 Truck - Equipment Fund Amount of Issue - \$30,251 Maturing Through January 2024	3.00%	\$7,229 - \$7,902	\$ -	\$ 30,251	\$ 30,251	\$ 7,229
2019 John Deere Back Hoe - Equipment Fund Amount of Issue - \$88,282 Maturing Through October 2029	4.00%	\$7,345 - \$10,467	\$ -	\$ 88,282	\$ 88,282	\$ 7,345
Equipment: Gehl Skid Steer Amount of Issue - \$34,045 Maturing Through July 2019	2.85%	\$6,432 - \$7,096	\$ 7,196	\$ (7,196)	\$ -	\$ -
Equipment: 2016 Ford Explorer Amount if Issue - \$36,815 Maturing Through May 2020	1.75%	\$8,966 - \$9,444	\$ 9,443	\$ (9,443)	\$ -	\$ -
Equipment: Street Sweeper Amount of Issue - \$82,000 Maturing Through September 2019	4.00%	\$19,933 - \$21,072	\$ 21,072	\$ (21,072)	\$ -	\$ -
Total Governmental Activities			<u>\$ 211,386</u>	<u>\$ 9,519</u>	<u>\$ 220,905</u>	<u>\$ 57,561</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	\$ (50,000)	\$ 480,000	\$ 55,000
2007 Revolving Drinking Water Bonds Amount of Issue - \$2,090,000 Maturing through October 2028	4.60% - 4.90%	\$85,000 - \$115,000	\$ 1,132,694	\$ (100,000)	\$ 1,032,694	\$ 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	\$ 485,000	\$ (110,000)	\$ 375,000	\$ 120,000
2014 Lapeer Co. General Obligation Bond Amount of Issue - \$650,000 Maturing through November 2026	2.61%	\$25,000 - \$75,000	\$ 500,000	\$ (50,000)	\$ 450,000	\$ 50,000
Lapeer Co. Lift Station Bonds Amount of Issue - \$465,000 Maturing through October 2024	3.50% 4.00%	\$25,000 - \$50,000	<u>\$ 270,000</u>	<u>\$ (40,000)</u>	<u>\$ 230,000</u>	<u>\$ 40,000</u>
Total Business-type Activities			<u>\$ 2,917,694</u>	<u>\$ (350,000)</u>	<u>\$ 2,567,694</u>	<u>\$ 365,000</u>
Total			<u>\$ 3,129,080</u>	<u>\$ (340,481)</u>	<u>\$ 2,788,599</u>	<u>\$ 422,561</u>

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2020

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
2021	\$ 57,561	\$ 6,824	\$ 64,386	\$ 365,000	\$ 68,181	\$ 433,181
2022	59,205	5,169	64,374	380,000	56,700	436,700
2023	30,904	3,527	34,431	395,000	45,422	440,422
2024	16,175	2,850	19,025	300,000	33,165	333,165
2025	8,598	2,289	10,887	300,000	25,884	325,884
2026-2029	48,462	5,969	54,431	827,694	36,734	864,428
Total	\$ 220,905	\$ 26,628	\$ 247,534	\$ 2,567,694	\$ 266,086	\$ 2,833,780

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% to 2.25%. 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, 2019 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	6
Active Employees	13
	26
	26

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 fixed contribution of \$3,118, \$1,255 and \$2,455 to the Police, Waste Water Treatment, and DPW departments' closed plans and contribution of 4.77%, 3.66% and 4.25% 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, 2020

7. Retirement System - MERS Operated - Continued

Net Pension Liability - The employer's net pension liability was measured as of December 31, 2019, 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, 2019 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 3.00% in the long-term; 3) Investment rate of return 7.35%, 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, 2020

7. Retirement System - MERS Operated - Continued

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

Total Pension Liability	
Service Cost	\$ 48,913
Interest on the Total Pension Liability	201,410
Differences Between Expected and Actual Experience of the Total Net Pension Liability	28,102
Other Adjustments	128,067
Benefit Payments and Refunds	<u>(139,616)</u>
Net Change in Total Pension Liability	266,876
Total Pension Liability - Beginning	<u>2,740,267</u>
Total Pension Liability - Ending (a)	<u><u>\$ 3,007,143</u></u>
Plan Fiduciary Net Position	
Employer Contributions	98,666
Employee Contributions	13,705
Pension Plan Net Investment Income	121,763
Benefit Payments and Refunds	<u>(139,616)</u>
Net Change in Plan Fiduciary Net Position	94,518
Plan Fiduciary Net Position - Beginning	<u>2,210,573</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>2,305,091</u></u>
Net Pension Liability (a-b)	<u><u>\$ 702,052</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.65%
Covered Employee Payroll	\$ 756,956
Net Pension Liability as a Percentage of Covered Employee Payroll	92.75%

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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability	<u>\$ 1,088,791</u>	<u>\$ 702,052</u>	<u>\$ 379,203</u>

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2020

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, 2020, the employer recognized pension expense of \$126,246. 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	\$ 142,662
Changes in Assumptions	96,053
Contributions Subsequent to the Measurement Date*	55,701
Total	\$ 294,416

*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 2020.

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

<u>Year Ended,</u>		
2020	\$	39,786
2021		39,786
2022		39,786
2023		39,786
2024		39,786
2025		39,786
	<u>\$</u>	<u>238,716</u>

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, 2020

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, 2020 were \$11,708.

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, 2020, were \$15,098.

11. Other Post-Employment Benefits

Plan Description - The Village provides retiree healthcare benefits (the “plan”) to eligible employees and their spouses.

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.

Employees Covered by Benefit Terms-

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	3
Inactive Employees Entitled To, But Not	
Yet Receiving Benefits	0
Active Employees	7
	10
	10

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, 2020. 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, 2020, 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, 2020

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, 2020, 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, 2020, was 30 years.

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

Total OPEB Liability	
Service Cost	\$ 69,326
Interest on the Total OPEB Liability	36,764
Differences Between Expected and Actual Experience of the Total OPEB Liability	163,093
Benefit Payments and Refunds	(29,034)
Other Adjustments	28,338
	<hr/>
Net Change in Total OPEB Liability	268,487
Total OPEB Liability - Beginning	952,030
Total OPEB Liability - Ending (a)	<u><u>\$ 1,220,517</u></u>
Plan Fiduciary Net Position	
Employer Contributions	29,034
Employee Contributions	-
OPEB Plan Net Investment Income Net of Fees	-
Benefit Payments and Refunds	(29,034)
	<hr/>
Net Change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position - Beginning	<hr/> -
Plan Fiduciary Net Position - Ending (b)	<hr/> -
Net OPEB Liability (a-b)	<u><u>\$ 1,220,517</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%
Covered Employee Payroll	\$ 587,490
Net OPEB Liability as a Percentage of Covered Employee Payroll	207.75%

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2020

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the employer, calculated using the discount rate of 4.00%, as well as that the employer's net OPEB liability would be using a discount rate that is 1% lower (3.00%) or 1% higher (5.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 1,305,036	\$ 1,220,517	\$ 1,120,071

Sensitivity of the Net OPEB Liability to Changes in Healthcare cost trend rates - The following presents the Net OPEB Liability of the employer, as well as that the employer's Net OPEB Liability would be using healthcare cost trend rates that is 1% lower (4.50%) or 1% higher (6.50%) than the current healthcare trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 1,061,911	\$ 1,220,517	\$ 1,411,969

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2019, the employer recognized OPEB expense of \$269,183. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ -
Total	\$ -

12. Subsequent Events

As of August 26, 2020, there were no subsequent events which have a material effect on the financial statements.

13. Contingent Liability

The Village of Almont DDA is currently in litigation regarding the ownership of a parking lot within the Village DDA district. The current land owner is challenging whether the DDA completed the land contract purchase which originated over 20 years ago. This litigation is current and ongoing. The potential risk to the DDA is the legal fees associated with the litigation and the loss of the parking lot, which was purchased for \$55,000 according to the DDA.

Village of Almont
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2020

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, 2020, the Village abated property tax revenues totaling \$2,323 under this program.

Required Supplemental Information

Village of Almont

Required Supplemental Information

Budgetary Comparison Schedule

General Fund

For The Fiscal Year Ended June 30, 2020

Revenues	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Taxes				
Current Property Tax	\$ 960,960	\$ 975,985	\$ 871,902	\$ (104,083)
State-Shared Revenues	285,650	269,320	283,592	14,272
Licenses, Permits & Fees				
Tax Fees, Penalties & Interest	13,010	14,330	13,582	(748)
Liquor Licenses	2,350	3,550	3,087	(463)
Zoning Permits & Site Plan Review	3,800	3,800	750	(3,050)
Police Fines & District Court Fees	8,900	9,620	3,523	(6,097)
Franchise Fees	35,630	39,295	39,170	(125)
Total Licenses, Permits & Fees	63,690	70,595	60,112	(10,483)
Charges for Services				
Trash Collection	136,220	137,350	137,347	(3)
Live Scan	-	-	-	-
Police Contract	393,690	393,690	333,818	(59,872)
Total Charges for Services	529,910	531,040	471,165	(59,875)
Miscellaneous Revenues				
Refunds & Reimbursements	92,020	92,020	82,085	(9,935)
Miscellaneous	6,340	13,405	13,424	19
Donations/Homecoming	500	500	140	(360)
Cellular Land Lease	24,530	26,675	26,102	(573)
Total Miscellaneous Revenues	123,390	132,600	121,750	(10,850)
Interest Earnings	11,750	11,750	6,707	(5,043)
Total Revenues	\$ 1,975,350	\$ 1,991,290	\$ 1,815,227	\$ (176,063)

Village of Almont

Required Supplemental Information

Budgetary Comparison Schedule

General Fund - *Continued*

For The Fiscal Year Ended June 30, 2020

Expenditures	Original Budget	Amended Budget	Actual	Variance with Amended Budget
General Government				
Legislative	\$ 8,040	\$ 8,040	\$ 6,029	\$ 2,011
Executive	165,410	166,510	144,134	22,376
General Administration	145,080	151,126	144,446	6,680
Central Municipal Activities	164,730	160,560	61,029	99,531
Total General Government	483,260	486,236	355,638	130,598
Public Safety				
Police Department	953,910	982,540	858,977	123,563
Planning & Zoning	16,900	5,900	5,809	91
Total Public Safety	970,810	988,440	864,786	123,654
Public Works				
Department of Public Works	187,080	188,915	186,367	2,548
Street Lighting	41,800	50,500	50,196	304
Sanitation	128,500	128,500	128,055	445
Total Public Works	357,380	367,915	364,618	3,297
Capital Outlay	97,000	50,000	18,501	31,499
Debt Service-Principal	-	-	-	-
Debt Service-Interest	-	-	-	-
Total Expenditures	1,908,450	1,892,591	1,603,543	289,048
Excess of Revenues Over (Under) Expenditure	66,900	98,699	211,684	112,985
Other Financing Sources (Uses)				
Transfers In (Out)	(39,000)	(55,450)	(55,422)	28
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	27,900	43,249	156,262	113,013
Fund Balance - Beginning of Year	643,385	643,385	643,385	-
Fund Balance - End of Year	\$ 671,285	\$ 686,634	\$ 799,647	\$ 113,013

Village of Almont
 Required Supplemental Information
 Municipal Employees Retirement System of Michigan
 Schedule of Employer Contributions
 For The Fiscal Year Ended June 30, 2020

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
12/31/2018	\$ 91,362	\$ 91,362	\$ -	\$ 759,554	12.03%
12/31/2019	\$ 119,436	\$ 119,436	\$ -	\$ 756,956	15.78%

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	19
Asset valuation method	5-year smoothed value of assets
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%
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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability					
Service Cost	\$ 48,913	\$ 50,331	\$ 50,570	\$ 48,713	\$ 43,334
Interest on the Total Pension Liability	201,410	227,214	215,274	215,656	261,799
Differences Between Expected & Actual Experience of the Total Net Pensi	28,102	(287,934)	25,450	(111,105)	-
Changes in Assumptions & Other Adjustments	128,067	-	-	-	-
Benefit Payments and Refunds	<u>(139,616)</u>	<u>(128,739)</u>	<u>(155,072)</u>	<u>(162,907)</u>	<u>(145,007)</u>
Net Change in Total Pension Liability	266,876	(139,128)	136,222	(9,643)	160,126
Total Pension Liability - Beginning	<u>2,740,267</u>	<u>2,879,395</u>	<u>2,743,173</u>	<u>2,752,816</u>	<u>2,592,690</u>
Total Pension Liability - Ending (a)	<u>\$ 3,007,143</u>	<u>\$ 2,740,267</u>	<u>\$ 2,879,395</u>	<u>\$ 2,743,173</u>	<u>\$ 2,752,816</u>
Plan Fiduciary Net Position					
Employer Contributions	\$ 98,666	\$ 91,362	\$ 90,833	\$ 80,204	\$ 70,919
Employee Contributions	13,705	13,669	14,625	16,184	19,476
Pension Plan Net Investment Income	121,763	80,324	124,905	103,568	98,412
Benefit Payments and Refunds	<u>(139,616)</u>	<u>(128,739)</u>	<u>(155,072)</u>	<u>(162,907)</u>	<u>(145,007)</u>
Net Change in Plan Fiduciary Net Position	94,518	56,616	75,291	37,049	43,800
Plan Fiduciary Net Position - Beginning	<u>2,210,573</u>	<u>2,153,957</u>	<u>2,078,666</u>	<u>2,041,617</u>	<u>1,997,817</u>
Plan Fiduciary Net Position - Ending (b)	<u>2,305,091</u>	<u>2,210,573</u>	<u>2,153,957</u>	<u>2,078,666</u>	<u>2,041,617</u>
Net Pension Liability (a-b)	<u>\$ 702,052</u>	<u>\$ 529,694</u>	<u>\$ 725,438</u>	<u>\$ 664,507</u>	<u>\$ 711,199</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.65%	80.67%	74.81%	75.78%	74.16%
Covered Employee Payroll	\$ 756,956	\$ 759,554	\$ 754,809	\$ 726,286	\$ 575,586
Net Pension Liability as a Percentage of Covered Employee Payroll	92.75%	69.74%	96.11%	91.49%	123.56%

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.

Village of Almont
 Required Supplemental Information
 Other Post Employment Benefits
 Schedule of Employer Contributions
 For The Fiscal Year Ended June 30, 2020

Fiscal Year Ending	Annual Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2019	\$ 39,569	\$ 39,569	\$ -	\$ 399,365	9.91%
6/30/2020	\$ 29,034	\$ 29,034	\$ -	\$ 587,490	4.94%

Note: GASB Statement No. 75 was implemented for the fiscal year end June 30, 2019 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

Methods and Assumptions Used to Determine Contributions Rates:

Valuation date	June 30, 2020
Actuarial cost method	Individual entry-age
Amortization method	Not applicable
Remaining amortization period	Not applicable
Asset valuation method	Not applicable
Actuarial assumptions:	
Investment rate of return	Not applicable
Projected salary increases	3.00%
Medical care cost trend rate	5.1% year 1 graded to 5.6% year 21

Village of Almont
Required Supplemental Information
Other Post Employment Benefits
Schedule of Changes in Net OPEB and Related Ratios
For The Fiscal Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service Cost	\$ 69,326	\$ 17,542
Interest on the Total OPEB Liability	36,764	37,464
Differences between expected and actual experience	163,093	-
Changes in assumptions	-	-
Benefit payments and refunds	(29,034)	(39,569)
Other	28,338	-
	<hr/>	<hr/>
Net Change in Total OPEB Liability	268,487	15,437
Total OPEB Liability - Beginning	952,030	936,593
	<hr/>	<hr/>
Total OPEB Liability - Ending (a)	<u>\$ 1,220,517</u>	<u>\$ 952,030</u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 29,034	\$ 39,569
Employee Contributions	-	-
OPEB Plan Net Investment Income	-	-
Benefit Payments and Refunds	(29,034)	(39,569)
OPEB Plan Administrative Expense	-	-
	<hr/>	<hr/>
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning	-	-
	<hr/>	<hr/>
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Asset (a-b)	<u>\$ 1,220,517</u>	<u>\$ 952,030</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%	0.00%
Covered Employee Payroll	<u>\$ 587,490</u>	<u>\$ 399,365</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	207.75%	238.39%
Investment Returns	0.00%	0.00%

Note: GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2019 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, 2020

	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	
Assets									
Cash & Cash Equivalents	\$ 265,969	\$ 58,008	\$ 381,069	\$ 5,852	\$ 27,871	\$ 64,361	\$ -	\$ 84,888	\$ 888,017
Accounts Receivable	26,780	11,135	56,520	-	-	1,114	-	39,586	135,134
Prepaid Expenses	1,545	312	-	-	388	-	-	-	2,245
Due From Other Funds	-	-	-	-	-	-	-	-	-
Total Assets & Deferred Outflows	\$ 294,293	\$ 69,454	\$ 437,589	\$ 5,852	\$ 28,259	\$ 65,476	\$ -	\$ 124,474	\$ 1,025,396
Liabilities & Fund Balances									
Liabilities									
Accounts Payable	\$ 2,670	\$ 1,402	\$ 152,167	\$ -	\$ 2,115	\$ -	\$ -	\$ -	\$ 158,354
Due To Other Funds	-	-	2,268	-	910	-	-	-	3,178
Total Liabilities	2,670	1,402	154,435	-	3,025	-	-	-	161,532
Fund Balances									
Nonspendable	1,545	312	-	-	388	-	-	-	2,245
Restricted For:									
Debt Service	-	-	-	-	-	65,476	-	124,474	189,949
Highways	290,078	67,740	-	-	-	-	-	-	357,818
Building Inspections	-	-	-	5,852	-	-	-	-	5,852
Public Works	-	-	283,154	-	-	-	-	-	283,154
Recreation & Culture	-	-	-	-	24,846	-	-	-	24,846
Total Liabilities & Fund Balances	\$ 294,293	\$ 69,454	\$ 437,589	\$ 5,852	\$ 28,259	\$ 65,476	\$ -	\$ 124,474	\$ 1,025,396

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, 2020

	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	\$ -	\$ -	\$ 176,000	\$ -	\$ -	\$ 123,483	\$ 22	\$ -	299,505
Intergovernmental Revenues	197,688	91,934	-	-	10,000	-	-	-	\$ 299,622
Licenses, Fees & Permits	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	130,072	-	130,072
Interest Earnings	3,806	2,190	5,165	92	24	446	49	1,581	13,353
Other Revenues	212	-	-	34	3,091	-	-	2,102	5,440
Total Revenues	<u>201,707</u>	<u>94,124</u>	<u>181,165</u>	<u>126</u>	<u>13,115</u>	<u>123,929</u>	<u>71</u>	<u>133,755</u>	<u>747,992</u>
Expenditures									
Public Safety	-	-	-	417	-	-	-	-	417
Public Works	160,383	97,789	121,550	-	-	-	-	750	380,472
Recreation & Culture	-	-	-	-	13,121	-	-	-	13,121
Capital Outlay	-	104,182	168,177	-	6,067	-	-	-	278,427
Debt Service - Principal	-	17,318	-	-	-	-	-	-	17,318
Debt Service - Interest	-	1,498	-	-	-	-	-	-	1,498
Total Expenditures	<u>160,383</u>	<u>220,786</u>	<u>289,727</u>	<u>417</u>	<u>19,188</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>691,251</u>
Excess of Revenues Over (Under)									
Expenditures	41,324	(126,662)	(108,562)	(292)	(6,072)	123,929	71	133,005	56,741
Other Financing Sources (Uses)									
Grant Revenue	-	-	56,520	-	-	-	-	-	56,520
Transfers In (Out)	-	-	-	-	10,000	(118,190)	(4,818)	(126,519)	(239,526)
Net Change in Fund Balances	41,324	(126,662)	(52,042)	(292)	3,928	5,740	(4,747)	6,486	(126,265)
Fund Balances - Beginning of Year	<u>250,299</u>	<u>194,714</u>	<u>335,197</u>	<u>6,143</u>	<u>21,306</u>	<u>59,736</u>	<u>4,747</u>	<u>117,987</u>	<u>990,129</u>
Fund Balances - End of Year	<u>\$ 291,623</u>	<u>\$ 68,052</u>	<u>\$ 283,154</u>	<u>\$ 5,852</u>	<u>\$ 25,234</u>	<u>\$ 65,476</u>	<u>\$ -</u>	<u>\$ 124,474</u>	<u>\$ 863,864</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness
 June 30, 2020

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

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2020</u>	<u>2019</u>	
4.75%	10/1/2019	\$ -	\$ 100,000	\$ -
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>\$ 1,032,694</u>	<u>\$ 1,132,694</u>	<u>\$ 102,488</u>

Lapeer County General Obligation Limited Tax Bond
Pump Station

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

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2020</u>	<u>2019</u>	
2.61%	11/6/2019	\$ -	\$ 50,000	\$ -
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>\$ 450,000</u>	<u>\$ 500,000</u>	<u>\$ 47,960</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness - *Continued*
 June 30, 2020

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>2020</u>	<u>2019</u>	
4.00%	12/1/2019	\$ -	\$ 110,000	\$ -
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
<u>Total Refunding Bonds</u>		<u>\$ 375,000</u>	<u>\$ 485,000</u>	<u>\$ 26,888</u>

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>2020</u>	<u>2019</u>	
3.80%	10/1/2019	\$ -	\$ 40,000	\$ -
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
<u>Total Lift Station Bonds</u>		<u>\$ 230,000</u>	<u>\$ 270,000</u>	<u>\$ 23,960</u>

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>2020</u>	<u>2019</u>	
2.65%	4/1/2020	\$ -	\$ 50,000	\$ -
2.75%	4/1/2021	55,000	55,000	14,278
2.85%	4/1/2022	55,000	55,000	12,739
2.95%	4/1/2023	60,000	60,000	11,070
3.00%	4/1/2024	60,000	60,000	9,285
3.20%	4/1/2025	60,000	60,000	7,425
3.30%	4/1/2026	60,000	60,000	5,475
3.40%	4/1/2027	65,000	65,000	3,380
3.50%	4/1/2028	65,000	65,000	1,138
<u>Total 2018 WWTP Improvement Bonds</u>		<u>\$ 480,000</u>	<u>\$ 530,000</u>	<u>\$ 64,790</u>

Total Business-type Activities Long-Term Debt \$ 2,567,694 \$ 2,917,694 \$ 266,086

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness - *Continued*
 June 30, 2020

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>2020</u>	<u>2019</u>	
2.45%	6/30/2020	\$ -	\$ 24,559	\$ -
2.45%	6/30/2021	25,181	25,181	1,364
2.45%	6/30/2022	25,814	25,814	731
2.45%	6/30/2023	15,277	15,277	128
<u>Total Installment Purchase Contract</u>		<u>\$ 66,272</u>	<u>\$ 90,832</u>	<u>\$ 2,222</u>

Installment Purchase Contract Payable
Equipment: 2000 Sterling Vector 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>2020</u>	<u>2019</u>	
3.16%	5/2/2020	\$ -	\$ 21,500	\$ -
<u>Total Installment Purchase Contract</u>		<u>\$ -</u>	<u>\$ 21,500</u>	<u>\$ -</u>

Installment Purchase Contract Payable
DPW 2019 GMC Sierra 2500HD Pickup

Dated: January 1, 2020
 Original Issue: \$30,251

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2020</u>	<u>2019</u>	
3.00%	1/1/2021	\$ 7,229	\$ -	\$ 910
3.00%	1/1/2022	7,448	-	691
3.00%	1/1/2023	7,672	-	467
3.00%	1/1/2024	7,902	-	237
<u>Total Installment Purchase Contract</u>		<u>\$ 30,251</u>	<u>\$ -</u>	<u>\$ 2,305</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness - *Continued*
 June 30, 2020

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>2020</u>	<u>2019</u>	
2.75%	10/5/2019	\$ -	\$ 17,317	\$ -
2.75%	10/5/2020	17,806	17,806	1,010
2.75%	10/5/2021	18,294	18,294	510
<u>Total Cherry Street Bridge</u>		<u>\$ 36,100</u>	<u>\$ 53,417</u>	<u>\$ 1,520</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>2020</u>	<u>2019</u>	
1.75%	5/31/2020	\$ -	\$ 9,443	\$ -
<u>Total Dump Truck</u>		<u>\$ -</u>	<u>\$ 9,443</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>2020</u>	<u>2019</u>	
4.00%	9/24/2019	\$ -	\$ 21,072	\$ -
<u>Total Street Sweeper</u>		<u>\$ -</u>	<u>\$ 21,072</u>	<u>\$ -</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness - *Continued*
 June 30, 2020

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>2020</u>	<u>2019</u>	
1.45%	6/26/2020	\$ -	\$ 7,885	\$ -
<u>Total Installment Purchase</u>		<u>\$ -</u>	<u>\$ 7,885</u>	<u>\$ -</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>2020</u>	<u>2019</u>	
2.85%	7/24/2019	\$ -	\$ 7,196	\$ -
<u>Total Installment Purchase</u>		<u>\$ -</u>	<u>\$ 7,196</u>	<u>\$ -</u>

Installment Purchase Contract Payable
DPW 2019 John Deere Back Hoe

Dated: October 1, 2019
 Original Issue: \$88,281.65

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2020</u>	<u>2019</u>	
4.00%	10/1/2020	\$ 7,345	\$ -	\$ 3,541
4.00%	10/1/2021	7,649	-	3,237
4.00%	10/1/2022	7,955	-	2,932
4.00%	10/1/2023	8,273	-	2,613
4.00%	10/1/2024	8,598	-	2,289
4.00%	10/1/2025	8,948	-	1,938
4.00%	10/1/2026	9,306	-	1,581
4.00%	10/1/2027	9,678	-	1,208
4.00%	10/1/2028	10,063	-	823
4.00%	10/1/2029	10,467	-	419
<u>Total Installment Purchase Contract</u>		<u>\$ 88,282</u>	<u>\$ -</u>	<u>\$ 20,581</u>

Total Governmental Activities Long-Term Debt \$ 220,905 \$ 211,345 \$ 26,628

KING & KING CPAs LLC

Ryan L. King, C.P.A.
3531 MAIN STREET
MARLETTE, MI 48453
Phone 989-635-3113
Fax 989-635-5580

Joseph J. Raymond

www.kingandkingcpas.com

Ryan L. King, C.P.A.
148 N. ALMONT AVENUE
IMLAY CITY, MI 48444
Phone 810-724-1120
Fax 810-519-1332

August 26, 2020

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, 2020, 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

Ryan L. King, C.P.A.
3531 MAIN STREET
MARLETTE, MI 48453
Phone 989-635-3113
Fax 989-635-5580

Joseph J. Raymond
www.kingandkingcpas.com

Wesley D. Messing, C.P.A.
148 N. ALMONT AVENUE
IMLAY CITY, MI 48444
Phone 810-724-1120
Fax 810-519-1332

August 26, 2020

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, 2020, and have issued our report thereon dated August 26, 2020. 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 September 3, 2019, 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, 2020. 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

Ryan L. King, C.P.A.
3531 MAIN STREET
MARLETTE, MI 48453
Phone 989-635-3113
Fax 989-635-5580

Joseph J. Raymond
www.kingandkingcpas.com

Wesley D. Messing, C.P.A.
148 N. ALMONT AVENUE
IMLAY CITY, MI 48444
Phone 810-724-1120
Fax 810-519-1332

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 26, 2020.

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