

# *Village of Almont*

**Lapeer County, Michigan**

Audited Financial Report  
June 30, 2017

**KING & KING CPAs LLC**

Marlette - Imlay City  
Michigan

**Village of Almont**  
 Annual Financial Report  
 For The Fiscal Year Ended June 30, 2017

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**Village of Almont**  
Annual Financial Report  
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## Independent Auditor's Report

Honorable Village Council  
**Village of Almont**  
Lapeer County, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the **Village of Almont**, Michigan as of and for the fiscal year ended June 30, 2017, 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, 2017, 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

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## **Other Matters**

### *Required Supplemental Information*

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

### *Others Supplemental Information*

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

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

*King & King CPAs LLC*

**KING & KING CPAs LLC**

August 17, 2017

# Village of Almont

## Almont, Michigan

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### 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, 2017. 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	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Current Assets	\$ 1,882,375	\$ 1,776,226	\$ 1,116,205	\$ 860,729	\$ 2,998,580	\$ 2,636,955
Noncurrent Assets	2,617,078	2,639,931	8,600,464	8,747,557	11,217,542	11,387,488
Total Assets	<u>4,499,453</u>	<u>4,416,157</u>	<u>9,716,669</u>	<u>9,608,286</u>	<u>14,216,122</u>	<u>14,024,443</u>
Current Liabilities	206,915	316,414	402,045	352,561	608,960	668,975
Noncurrent Liabilities	1,626,683	1,657,599	2,687,694	2,972,694	4,314,377	4,630,293
Total Liabilities	<u>1,833,598</u>	<u>1,974,013</u>	<u>3,089,739</u>	<u>3,325,255</u>	<u>4,923,337</u>	<u>5,299,268</u>
Net Position:						
Invested in Capital Assets -						
Net of Related Debt	888,196	1,499,705	5,611,329	5,502,197	6,499,525	7,001,902
Restricted	756,511	690,438	10,650	10,588	767,161	701,026
Unrestricted	1,021,146	252,031	1,004,951	770,244	2,026,097	1,022,275
Total Net Position	<u>\$ 2,665,853</u>	<u>\$ 2,442,174</u>	<u>\$ 6,626,930</u>	<u>\$ 6,283,029</u>	<u>\$ 9,292,783</u>	<u>\$ 8,725,203</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	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 822,799	\$ 825,929	\$ 1,402,039	\$ 1,187,680	\$ 2,224,838	\$ 2,013,609
Grants & Contributions	282,797	281,920	-	-	282,797	281,920
General Revenues:						
Property Taxes	1,027,802	1,077,077	-	-	1,027,802	1,077,077
State-Shared Revenues	256,890	245,230	-	-	256,890	245,230
Interest Earnings	1,200	1,640	416	290	1,616	1,930
Other Revenues	127,857	120,973	-	-	127,857	120,973
Transfers	(273,292)	(299,962)	273,292	299,962	-	-
Total Revenues	<u>2,246,053</u>	<u>2,252,807</u>	<u>1,675,747</u>	<u>1,487,932</u>	<u>3,921,800</u>	<u>3,740,739</u>
<b>Program Expenses</b>						
General Government	\$ 563,652	\$ 674,199	\$ -	\$ -	\$ 563,652	\$ 674,199
Public Safety	831,534	817,122	-	-	831,534	817,122
Public Works	606,837	590,730	-	-	606,837	590,730
Recreation & Culture	19,338	17,863	-	-	19,338	17,863
Interest on L/T Debt	10,662	11,521	85,001	86,574	95,663	98,095
Water & Sewer	-	-	1,252,522	1,199,190	1,252,522	1,199,190
Total Program Expenses	<u>2,032,023</u>	<u>2,111,435</u>	<u>1,337,524</u>	<u>1,285,764</u>	<u>3,369,546</u>	<u>3,397,199</u>
<b>Change in Net Position</b>	<u>\$ 214,031</u>	<u>\$ 141,372</u>	<u>\$ 338,223</u>	<u>\$ 202,168</u>	<u>\$ 552,254</u>	<u>\$ 343,540</u>

### The Village as a Whole

- The Village's Governmental Activities net position increased by \$214,031 this fiscal year. This compares to a net increase of \$141,372 in the previous fiscal year. This was fairly comparable to the previous year besides the adjustments for the change in net pension liability.
- The Village's Business-type Activities net position increased by \$338,223 this fiscal year. This compares to a net increase of \$202,168 in the previous fiscal year. This improvement was caused by an increase in charges for services revenue due to a change in utility billing rates.
- The Village's primary source of revenue is from charges for services and property taxes, which represent 83% of total revenue.

# Village of Almont

## Almont, Michigan

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### **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 major funds for the fiscal year ended June 30, 2017, include the General Fund, Major Streets Fund, Downtown Development Authority, Water Tower Debt Service Fund, Water System Improvement Debt Service Fund and W.W.T.P. Improvement Project Debt Service 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, 2017, the Village shared the cost of a new HVAC System with Almont Township. The Village's share of the cost was \$3,770. The General Fund also purchased police tasers for \$10,364. The DDA conducted an alleyway project in the Village DDA district at a total cost of \$57,425 which was mostly paid for by a grant. The Local Streets Fund paved a sidewalk for \$7,600, and the Major Streets Fund made pavement repairs to East St. Clair Street for \$7,900. The Equipment Fund purchased a trailer and salt spreader for a total cost of \$9,295. Lastly, the Sewer Fund purchased an easement for \$8,000 and performed inspections of the sewer system at a cost of \$138,795, 90% of which is paid for by the SAW Grant. Additional information regarding the Village's capital assets can be found in Note 4 to the financial statements.

The Village did not incur any new debt in the fiscal year ended June 30, 2017. The Village's total debt as of June 30, 2017, was \$3,275,874, with principal payments of \$386,968 due within one year. There were principal payments of \$385,588 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, 2017

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash & Cash Equivalents	\$ 1,642,763	\$ 770,875	\$ 2,413,638
Accounts Receivable	203,773	323,295	527,068
Prepaid Expenses	15,974	10,650	26,624
Due From Other Funds (Net)	19,865	11,385	31,250
Capital Assets			
Nondepreciable Capital Assets	357,000	37,849	394,849
Depreciable Capital Assets	2,148,973	8,562,615	10,711,588
<u>Total Assets</u>	<u>4,388,347</u>	<u>9,716,669</u>	<u>14,105,017</u>
<b><u>Deferred Outflows of Resources</u></b>			
Related to the Pension Plan	111,105	-	111,105
<b><u>Liabilities</u></b>			
Accounts Payable	104,717	100,596	205,313
Deferred Revenue	-	8	8
Accrued Interest Payable	230	16,441	16,671
Current Portion of Long-Term Debt	101,968	285,000	386,968
Noncurrent Liabilities:			
Net Retiree Healthcare Obligation	760,964	-	760,964
Net Pension Liability	664,507	-	664,507
Long-Term Debt	201,212	2,687,694	2,888,906
<u>Total Liabilities</u>	<u>1,833,598</u>	<u>3,089,739</u>	<u>4,923,338</u>
<b><u>Deferred Inflows of Resources</u></b>			
	-	-	-
<b><u>Net Position</u></b>			
Invested in Capital Assets - Net of			
Related Debt	888,196	5,611,329	6,499,526
Nonspendable	7,833	10,650	18,483
Restricted:			
Restricted for Debt Service	158,028	-	158,028
Restricted for Other Uses	590,650	-	590,650
Unrestricted	1,021,146	1,004,951	2,026,098
<u>Total Net Position</u>	<u>\$ 2,665,854</u>	<u>\$ 6,626,930</u>	<u>\$ 9,292,784</u>

The notes are an integral part of the statements.

**Village of Almont**  
Statement of Activities  
For The Fiscal Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue &amp; Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Primary Government</u>		<u>Totals</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government:							
Governmental Activities:							
General Government	\$ 563,652	\$ 206,999	\$ -	\$ -	\$ (356,653)	\$ -	\$ (356,653)
Public Safety	831,534	358,520	-	-	(473,013)	-	(473,013)
Public Works	606,837	257,280	281,899	-	(67,657)	-	(67,657)
Recreation & Culture	19,338	-	898	-	(18,440)	-	(18,440)
Interest on Long-Term Debt	10,662	-	-	-	(10,662)	-	(10,662)
<u>Total Governmental Activities</u>	<u>2,032,022</u>	<u>822,799</u>	<u>282,797</u>	<u>-</u>	<u>(926,426)</u>	<u>-</u>	<u>(926,426)</u>
Business-type Activities	1,252,522	1,402,039	-	-	-	149,517	149,517
Interest on Long-Term Debt	85,001	-	-	-	-	(85,001)	(85,001)
<u>Total Business-type Activities</u>	<u>1,337,524</u>	<u>1,402,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,515</u>	<u>64,515</u>
Total Primary Government	<u>\$ 3,369,546</u>	<u>\$ 2,224,838</u>	<u>\$ 282,797</u>	<u>\$ -</u>	<u>\$ (926,426)</u>	<u>\$ 64,515</u>	<u>\$ (861,910)</u>
<b>General Revenues:</b>							
Property Taxes					\$ 1,027,802	\$ -	\$ 1,027,802
State-Shared Revenues					256,890	-	256,890
Interest Earnings					1,200	416	1,616
Other Revenues					127,857	-	127,857
Transfers					(273,292)	273,292	-
Total General Revenues, Special Items & Transfers					<u>1,140,456</u>	<u>273,708</u>	<u>1,414,164</u>
<b>Change in Net Position</b>					214,031	338,223	552,254
<b><u>Net Position - Beginning of Year</u></b>					<u>2,451,823</u>	<u>6,288,707</u>	<u>8,740,530</u>
<b><u>Net Position - End of Year</u></b>					<u>\$ 2,665,854</u>	<u>\$ 6,626,930</u>	<u>\$ 9,292,784</u>

The notes are an integral part of the statements.

# Village of Almont

Governmental Funds

Balance Sheet

June 30, 2017

	Special Revenue Funds			Debt Service Funds			Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Streets Fund	Downtown Development Authority	Water Tower	Water System Improvement	W.W.T.P. Improvement Project		
<b><u>Assets &amp; Deferred Outflows of Resources</u></b>								
<b><u>Assets</u></b>								
Cash & Cash Equivalents	\$ 741,205	\$ 133,239	\$ 267,653	\$ 55,115	\$ 4,175	\$ 64,062	\$ 181,264	\$ 1,446,712
Accounts Receivable	83,782	26,638	-	583	-	34,094	11,842	156,939
Grant Receivable	-	-	45,000	-	-	-	-	45,000
Prepaid Expenses	5,969	1,264	-	-	-	-	601	7,833
Due From Other Funds	22,057	615	-	-	-	-	615	23,288
<b>Total Assets</b>	<b>853,013</b>	<b>161,756</b>	<b>312,653</b>	<b>55,697</b>	<b>4,175</b>	<b>98,156</b>	<b>194,322</b>	<b>1,679,772</b>
<b><u>Deferred Outflows of Resources</u></b>								
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 853,013</b>	<b>\$ 161,756</b>	<b>\$ 312,653</b>	<b>\$ 55,697</b>	<b>\$ 4,175</b>	<b>\$ 98,156</b>	<b>\$ 194,322</b>	<b>\$ 1,679,772</b>
<b><u>Liabilities, Deferred Inflows of Resources &amp; Fund Equity</u></b>								
<b><u>Liabilities</u></b>								
Accounts Payable	\$ 47,186	\$ 579	\$ 48,470	\$ -	\$ -	\$ -	\$ 3,622	\$ 99,857
Deferred Revenue	-	-	-	-	-	-	-	-
Due To Other Funds	-	1	1,639	-	-	-	274	1,913
<b>Total Liabilities</b>	<b>47,186</b>	<b>579</b>	<b>50,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,896</b>	<b>101,770</b>
<b><u>Deferred Inflows of Resources</u></b>								
	-	-	-	-	-	-	-	-
<b><u>Fund Equity</u></b>								
Fund Balances:								
Nonspendable	5,969	1,264	-	-	-	-	601	7,833
Restricted For:								
Debt Service	-	-	-	55,697	4,175	98,156	-	158,028
Highways	-	159,913	-	-	-	-	137,501	297,414
Downtown Development	-	-	262,544	-	-	-	-	262,544
Building Inspection	-	-	-	-	-	-	17,947	17,947
Homecoming	4,604	-	-	-	-	-	-	4,604
Public Works	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	34,378	34,378
Committed For:								
Park	-	-	-	-	-	-	-	-
Unassigned	795,254	-	-	-	-	-	-	795,254
<b>Total Fund Equity</b>	<b>805,827</b>	<b>161,177</b>	<b>262,544</b>	<b>55,697</b>	<b>4,175</b>	<b>98,156</b>	<b>190,426</b>	<b>1,578,002</b>
<b>Total Liab., Deferred Inflows &amp; Fund Equity</b>	<b>\$ 853,013</b>	<b>\$ 161,756</b>	<b>\$ 312,653</b>	<b>\$ 55,697</b>	<b>\$ 4,175</b>	<b>\$ 98,156</b>	<b>\$ 194,322</b>	<b>\$ 1,679,772</b>

The notes are an integral part of the statements.

**Village of Almont**  
 Governmental Funds  
 Reconciliation of Fund Balances to the  
 Statement of Net Position  
 For The Fiscal Year Ended June 30, 2017

**Total Fund Balances for Governmental Funds and Equipment Fund** \$ 1,974,596

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

Capital assets used in Governmental Activities are not financial resources and are not reported in the funds. 2,108,060

Long-term bonds payable are not due and payable in the current period and are not reported in the funds. (102,206)

Other post-employment benefit obligation in Governmental Activities is not reported in the funds. (760,964)

Net pension liability is not due and payable in the current period and is not reported as fund liabilities. (664,507)

Certain pension contributions and changes in pension plan liabilities are reported as deferred outflows of resources in the Statement of Net Position. 111,105

Accrued interest payable is not reported in the funds. (230)

**Net Position of Governmental Activities** \$ 2,665,854

**Village of Almont**  
Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For The Fiscal Year Ended June 30, 2017

	Special Revenue Funds			Debt Service Funds			Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Streets Fund	Downtown Development Authority	Water Tower	Water System Improvement	W.W.T.P. Improvement Project		
<b>Revenues</b>								
Property Taxes	\$ 761,891	\$ -	\$ 139,107	\$ 126,748	\$ 56	\$ -	\$ -	\$ 1,027,802
Intergovernmental Revenues	256,890	148,638	-	-	-	-	88,261	493,789
Licenses, Permits & Fees	90,138	-	-	-	-	-	6,945	97,083
Charges for Services	442,998	-	-	-	-	131,514	-	574,512
Interest Earnings	673	88	139	36	4	46	100	1,086
Other Revenues	80,797	199	-	-	-	2,226	6,175	89,396
<b>Total Revenues</b>	1,633,387	148,924	139,246	126,784	60	133,786	101,481	2,283,669
<b>Expenditures</b>								
General Government	347,614	-	-	-	-	-	-	347,614
Public Safety	806,439	-	-	-	-	-	21,278	827,717
Public Works	299,420	78,627	78,910	-	-	-	65,438	522,395
Recreation & Culture	-	-	-	-	-	-	14,402	14,402
Capital Outlay	14,134	7,900	57,425	-	-	-	7,600	87,058
Debt Service - Principal	4,508	-	25,855	-	-	-	15,924	46,287
Debt Service - Interest	-	-	1,316	-	-	-	2,891	4,207
<b>Total Expenditures</b>	1,472,115	86,527	163,505	-	-	-	127,534	1,849,681
<b>Excess of Revenues Over (Under) Expenditures</b>	161,272	62,397	(24,259)	126,784	60	133,786	(26,053)	433,988
<b>Other Financing Sources (Uses)</b>								
Loan Proceeds	-	-	-	-	-	-	-	-
Grant Proceeds	-	-	45,000	-	-	-	-	45,000
Transfers In (Out)	(73,115)	(40,000)	-	(124,223)	-	(127,769)	50,000	(315,107)
<b>Net Change in Fund Balances</b>	88,157	22,397	20,741	2,561	60	6,017	23,947	163,881
<b>Fund Balances - Beginning of Year</b>	717,670	138,779	241,803	53,136	4,115	92,138	166,479	1,414,121
<b>Fund Balances - End of Year</b>	\$ 805,827	\$ 161,177	\$ 262,544	\$ 55,697	\$ 4,175	\$ 98,156	\$ 190,426	\$ 1,578,002

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, 2017

<b>Net Change in Fund Balances - Total Governmental Funds and Equipment Fund</b>	<b>\$ 230,237</b>
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.	87,058
Repayment of bond principal is an expenditure in the Governmental Funds, but not in the Statement of Activities (where it reduces long-term debt).	46,287
Loan proceeds are recognized as revenue in the Governmental Funds, but not in the Statement of Activities.	-
Interest expense is reported in the Statement of Activities when a liability is incurred. They are reported in the Governmental Funds only when payment is due.	431
Change in other post-employment benefit obligation is recorded when incurred in the Statement of Activities.	(128,377)
Pension expense is recognized in the Statement of Activities when incurred, but in the Governmental Funds when paid.	84,588
Depreciation is an expenditure for the Statement of Activities, but is not reported in the Governmental Funds.	<u>(106,193)</u>
<b>Net Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 214,031</u></u></b>

The notes are an integral part of the statements.

# Village of Almont

Proprietary Funds  
Statement of Net Position  
June 30, 2017

	Enterprise Funds		Total Enterprise Funds	Internal Service Fund Equipment
	Sewer Fund	Water Fund		
<b>Assets</b>				
<u>Current Assets</u>				
Cash & Cash Equivalents	\$ 481,126	\$ 289,749	\$ 770,875	\$ 196,051
Accounts Receivable	190,762	132,534	323,295	1,833
Prepaid Expenses	7,608	3,042	10,650	8,141
Due From Other Funds	8,308	3,077	11,385	308
<u>Total Current Assets</u>	<u>687,804</u>	<u>428,401</u>	<u>1,116,205</u>	<u>206,333</u>
<u>Noncurrent Assets</u>				
Capital Assets Not Being Depreciated	100	37,749	37,849	-
Capital Assets Being Depreciated	8,683,681	5,311,244	13,994,925	1,110,936
Less: Accumulated Depreciation	(3,827,595)	(1,604,714)	(5,432,309)	(713,024)
<u>Total Noncurrent Assets</u>	<u>4,856,186</u>	<u>3,744,278</u>	<u>8,600,464</u>	<u>397,913</u>
<u>Total Assets</u>	<u>5,543,990</u>	<u>4,172,679</u>	<u>9,716,669</u>	<u>604,246</u>
<b>Deferred Outflows of Resources</b>				
	-	-	-	-
<b>Liabilities</b>				
<u>Current Liabilities</u>				
Accounts Payable	74,391	26,205	100,596	4,860
Due To Other Funds	6	1	8	1,818
Accrued Interest Payable	5,473	10,968	16,441	-
Current Portion of Long-Term Debt	140,000	145,000	285,000	70,054
<u>Total Current Liabilities</u>	<u>219,870</u>	<u>182,175</u>	<u>402,045</u>	<u>76,732</u>
<u>Long-Term Liabilities</u>				
Bonds Payable	905,000	1,782,694	2,687,694	130,920
<u>Total Liabilities</u>	<u>1,124,870</u>	<u>1,964,869</u>	<u>3,089,739</u>	<u>207,652</u>
<b>Deferred Inflows of Resources</b>				
	-	-	-	-
<b>Net Position</b>				
Invested in Capital Assets Net of Related Debt	3,805,713	1,805,616	5,611,329	196,938
Restricted	7,608	3,042	10,650	8,141
Unrestricted	605,798	399,153	1,004,951	191,514
<u>Total Net Position</u>	<u>\$ 4,419,120</u>	<u>\$ 2,207,810</u>	<u>\$ 6,626,930</u>	<u>\$ 396,594</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, 2017

	<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>
<b><u>Operating Revenues</u></b>				
User Charges & Penalties	\$ 681,168	\$ 528,632	\$ 1,209,800	\$ 22,000
Service Connection Charges	27,470	34,850	62,320	-
Other Income	2,346	977	3,323	21,911
Grant Income	126,596	-	126,596	-
Equipment Rental	-	-	-	146,652
<b><u>Total Operating Revenues</u></b>	<b><u>837,579</u></b>	<b><u>564,459</u></b>	<b><u>1,402,039</u></b>	<b><u>190,563</u></b>
<b><u>Operating Expenditures</u></b>				
Cost of Water	-	214,908	214,908	-
Operation & Maintenance	526,564	180,833	707,397	107,755
General & Administration	22,722	13,607	36,330	585
Depreciation	183,958	109,929	293,887	50,910
<b><u>Total Operating Expenditures</u></b>	<b><u>733,244</u></b>	<b><u>519,278</u></b>	<b><u>1,252,522</u></b>	<b><u>159,250</u></b>
Operating Income (Loss)	104,335	45,181	149,517	31,313
<b><u>Non-Operating Revenues (Expenditures)</u></b>				
Interest Earned	253	164	416	113
Interest Expense	(40,460)	(44,541)	(85,001)	(6,886)
Gain (Loss) on Sale of Fixed Assets	-	-	-	-
Transfers From (To) Other Funds	156,569	116,723	273,292	41,815
<b>Change in Net Position</b>	<b>220,697</b>	<b>117,527</b>	<b>338,223</b>	<b>66,356</b>
<b><u>Net Position - Beginning of Year</u></b>	<b><u>4,198,423</u></b>	<b><u>2,090,284</u></b>	<b><u>6,288,707</u></b>	<b><u>330,238</u></b>
<b><u>Net Position - End of Year</u></b>	<b><u>\$ 4,419,120</u></b>	<b><u>\$ 2,207,810</u></b>	<b><u>\$ 6,626,930</u></b>	<b><u>\$ 396,594</u></b>

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, 2017

	<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>
<b><u>Cash Flows From Operating Activities</u></b>				
Receipts From Customers	\$ 804,718	\$ 543,218	\$ 1,347,936	\$ 190,354
Payments For Operation, Maintenance & Water	(472,312)	(407,641)	(879,953)	(106,903)
Payments For General & Administration	(22,722)	(13,644)	(36,366)	(585)
<u>Net Cash Provided by Operating Activities</u>	<u>309,683</u>	<u>121,934</u>	<u>431,617</u>	<u>82,867</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>				
Operating Transfers In (Out)	156,569	116,723	273,292	41,815
Received (Paid) "Due To / From Other Funds"	(1,372)	(20,299)	(21,670)	(39,681)
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>155,197</u>	<u>96,424</u>	<u>251,621</u>	<u>2,134</u>
<b><u>Cash Flows From Capital &amp; Related Financing Activities</u></b>				
Interest Expense	(41,016)	(45,209)	(86,225)	(6,886)
Net Proceeds From Issuance (Payments) of Long-Term Debt	(135,000)	(120,000)	(255,000)	(84,302)
Sale (Purchase) of Capital Assets	(146,795)	-	(146,795)	(9,295)
<u>Net Cash Provided by Capital &amp; Related Financing Activities</u>	<u>(322,811)</u>	<u>(165,209)</u>	<u>(488,021)</u>	<u>(100,483)</u>
<b><u>Cash Flows From Investing Activities</u></b>				
Increase in Customer Deposits	-	-	-	-
Interest Received on Investments	253	164	416	113
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>142,322</b>	<b>53,312</b>	<b>195,634</b>	<b>(15,368)</b>
<b>Cash &amp; Cash Equivalents - Beginning of Year</b>	<b>338,805</b>	<b>236,436</b>	<b>575,241</b>	<b>211,419</b>
<b>Cash &amp; Cash Equivalents - End of Year</b>	<b>\$ 481,126</b>	<b>\$ 289,749</b>	<b>\$ 770,875</b>	<b>\$ 196,051</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</u></b>				
Operating Income (Loss)	104,335	45,181	149,517	31,313
Adjustments to Reconcile Operating Income (Loss) From Operating Activities:				
Depreciation	183,958	109,929	293,887	50,910
Changes in Assets & Liabilities:				
Prior Period Adjustment	4,144	1,535	5,679	153
Prepaid Expenses	(26)	(36)	(62)	(20)
Accounts Receivable	(32,861)	(21,241)	(54,103)	(208)
Accounts Payable	54,277	(11,900)	42,378	873
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 313,827</u>	<u>\$ 123,468</u>	<u>\$ 437,296</u>	<u>\$ 83,020</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, 2017

	<b>Payroll Fund</b>	<b>Totals June 30, 2017</b>
<b><u>Assets</u></b>		
Cash & Cash Equivalents	\$ 28,429	\$ 28,429
Due From Other Funds	-	-
	<u>          </u>	<u>          </u>
<b><u>Total Assets</u></b>	<b><u>\$ 28,429</u></b>	<b><u>\$ 28,429</u></b>
<b><u>Liabilities</u></b>		
Due To Other Funds	\$ 31,243	\$ 31,243
Due To Others	(2,814)	(2,814)
	<u>          </u>	<u>          </u>
<b><u>Total Liabilities</u></b>	<b><u>\$ 28,429</u></b>	<b><u>\$ 28,429</u></b>

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**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.

**Major Streets Fund** - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as “major” within the Village. Funding is provided primarily through state-shared gas and weight taxes.

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**1. Summary of Significant Accounting Policies - Continued**

**Downtown Development Authority Fund (Major Special Revenue Fund)** - The Downtown Development Authority's purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

**Water Tower Debt Service Fund** - This fund accounts for all debt payments made regarding the bond for the Lapeer County Revolving Drinking Water, originally issued September 20, 2007.

**Water System Improvement Debt Service Fund** - This fund accounts for all debt payments made regarding the improvement bond for the **Village of Almont** Water Supply System, originally issued May 1, 1996.

**W.W.T.P. Improvement Project Debt Service Fund** - This fund accounts for all debt payments made regarding the improvement project for the Lapeer County Sewage Disposal Bonds, originally issued October 5, 2011.

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.

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**1. Summary of Significant Accounting Policies - Continued**

**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."

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

The Village's 2016 tax is levied and collectible on July 1, 2016, and is recognized as revenue in the fiscal year ended June 30, 2017, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the Village totaled about \$60 million (a portion of which is captured by the DDA), on which taxes levied consisted of 14.047 mills for operating purposes and 2.162 mills for water tower debt service. This resulted in approximately \$760,000 for operating and \$127,000 for water tower debt service. These amounts are recognized in the General Fund and Water System Improvement Debt Fund financial statements as tax revenue.

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

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

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

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

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

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**1. Summary of Significant Accounting Policies - Continued**

**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.

**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, 2017

**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, 2017, 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, 2017

**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 &amp; Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 1,642,763	\$ 770,875	\$ 28,429	\$ 2,442,067

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 2,442,067

The bank balance of the primary government's deposits is \$2,442,067, of which \$1,780,353 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 \$661,714 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, 2017

**4. Capital Assets**

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

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Disposals &amp; Adjustments</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>				
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	1,107,822	15,500	-	1,123,322
Infrastructure - DDA	1,194,048	57,425	-	1,251,472
Buildings & Building Improvements	496,227	3,770	-	499,997
Machinery & Equipment	163,225	10,364	-	173,588
Office Equipment	49,609	-	-	49,609
Equipment - Internal Service Fund	1,101,641	9,295	-	1,110,936
Total Capital Assets Being Depreciated	<u>4,112,571</u>	<u>96,353</u>	<u>-</u>	<u>4,208,925</u>
Accumulated Depreciation:				
Infrastructure	455,101	45,220	-	500,321
Infrastructure - DDA	379,351	35,360	-	414,711
Buildings & Building Improvements	235,972	16,294	-	252,266
Machinery & Equipment	120,703	9,320	-	130,023
Office Equipment	49,609	-	-	49,609
Equipment - Internal Service Fund	662,114	50,910	-	713,024
Total Accumulated Depreciation	<u>1,902,850</u>	<u>157,103</u>	<u>-</u>	<u>2,059,953</u>
<b>Governmental Activities Capital Assets - Net</b>	<u>\$ 2,566,722</u>	<u>\$ (60,750)</u>	<u>\$ -</u>	<u>\$ 2,505,972</u>
<b>Business-type Activities:</b>				
Capital Assets Not Being Depreciated - Land	\$ 37,849	\$ -	\$ -	\$ 37,849
Capital Assets Being Depreciated:				
Sewage Treatment Plant	8,536,885	146,795	-	8,683,680
Water Distribution System	5,311,244	-	-	5,311,244
Total Capital Assets Being Depreciated	<u>13,848,129</u>	<u>146,795</u>	<u>-</u>	<u>13,994,924</u>
Accumulated Depreciation:				
Sewage Treatment Plant	3,643,637	183,958	-	3,827,595
Water Distribution System	1,494,785	109,929	-	1,604,714
Total Accumulated Depreciation	<u>5,138,422</u>	<u>293,887</u>	<u>-</u>	<u>5,432,310</u>
<b>Business-type Activities Capital Assets - Net</b>	<u>\$ 8,747,555</u>	<u>\$ (147,092)</u>	<u>\$ -</u>	<u>\$ 8,600,463</u>

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

<b>Governmental Activities:</b>	
General Government	\$ 13,194
Public Safety	9,076
Public Works	129,897
Recreation & Culture	4,936
<b>Total Governmental Activities</b>	<u>\$ 157,103</u>
<b>Business-type Activities:</b>	
Sewer Fund	\$ 183,958
Water Fund	109,929
<b>Total Business-type Activities</b>	<u>\$ 293,887</u>

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**5. Interfund Receivables, Payables and Transfers**

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

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>	
Water Fund	\$ 3,077	Payroll Fund	\$ 3,077	(1)
General Fund	1	Major Streets Fund	1	(1)
Sewer Fund	8,308	Payroll Fund	8,308	(1)
General Fund	1	Local Streets Fund	1	(1)
General Fund	273	Park Fund	273	(1)
General Fund	6	Sewer Fund	6	(1)
General Fund	1,818	Equipment Fund	1,818	(1)
General Fund	1	Water Fund	1	(1)
General Fund	18,319	Payroll Fund	18,319	(1)
Equipment Fund	308	Payroll Fund	308	(1)
General Fund	1,639	Downtown Development Authority	1,639	(1)
Major Streets Fund	615	Payroll Fund	615	(1)
Local Streets Fund	615	Payroll Fund	615	(1)
Total	<u>\$ 34,981</u>		<u>\$ 34,981</u>	

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

Interfund transfers reported in the Fund Statements are as follows:

	<u>Transferred From</u>		<u>Transferred To</u>	
General Fund	\$ 40,000	Sewer Fund	\$ 40,000	(2)
General Fund	23,115	Equipment Fund	23,115	(3)
General Fund	10,000	Park Fund	10,000	(2)
Major Streets Fund	40,000	Local Streets Fund	40,000	(2)
W.W.T.P. Improvement Debt Service	127,769	Sewer Fund	127,769	(3)
Water Fund	7,500	Equipment Fund	7,500	(3)
Sewer Fund	11,200	Equipment Fund	11,200	(3)
Water Tower Debt Service Fund	124,223	Water Fund	124,223	(3)
Total	<u>\$ 383,807</u>		<u>\$ 383,807</u>	

(2) To assist with operations.

(3) To fund current debt payment.

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

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**6. Long-Term Debt**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>						
Police Vehicle: 2012 Dodge Charger Amount of Issue - \$29,000 Maturing Through May 2017	1.85%	\$7,036 - \$7,456	\$ 7,434	\$ (7,434)	\$ -	\$ -
Police Vehicle: Chevy Tahoe Amount of Issue - \$33,000 Maturing Through May 2017	1.85%	\$8,025 - \$8,478	\$ 8,478	\$ (8,478)	\$ -	\$ -
2000 Sterling Vactor Truck Amount of Issue - \$137,500 Maturing Through May 2020	3.16%	\$18,064 - \$21,502	\$ 82,102	\$ (19,569)	\$ 62,533	\$ 20,194
Cherry Street Bridge - Local Streets Amount of Issue - \$162,227 Maturing Through October 2021	2.75%	\$14,280 - \$18,305	\$ 102,614	\$ (15,924)	\$ 86,690	\$ 16,398
Fiber Optic Equipment Amount of Issue - \$22,540 Maturing Through December 2017	0.00%	\$4,418 - \$4,598	\$ 9,015	\$ (4,508)	\$ 4,507	\$ 4,507
2014 GMC 2500 Truck - Equipment Fund Amount of Issue - \$29,366 Maturing Through February 2019	2.85%	\$5,548 - \$6,208	\$ 18,112	\$ (5,868)	\$ 12,244	\$ 6,036
Police Vehicle: 2015 Dodge Charger Amount of Issue - \$30,000 Maturing Through February 2018	2.13%	\$7,226 - \$7,752	\$ 22,721	\$ (7,433)	\$ 15,288	\$ 7,590
Equipment: Gehl Skid Steer Amount of Issue - \$34,045 Maturing Through July 2019	2.85%	\$6,432 - \$7,096	\$ 27,613	\$ (6,615)	\$ 20,998	\$ 6,804
Equipment: 2016 Ford Explorer Amount if Issue - \$36,815 Maturing Through May 2020	1.75%	\$8,966 - \$9,444	\$ 36,815	\$ (8,971)	\$ 27,844	\$ 9,123
Equipment: Street Sweeper Amount of Issue - \$82,000 Maturing Through September 2019	4.00%	\$19,933 - \$21,072	\$ 82,000	\$ (19,933)	\$ 62,067	\$ 20,307
Downtown Development Authority Obligations DDA Dumpster Enclosure Amount of Issue - \$15,850 Maturing Through October 2018	2.35%	\$5,161 - \$5,406	\$ 15,850	\$ (15,850)	\$ -	\$ -
DDA Infrastructure Removal - Old Fire Hall Amount of Issue - \$50,000 Maturing Through October 2017	2.95%	\$8,986 - \$11,009	\$ 21,014	\$ (10,005)	\$ 11,009	\$ 11,009
<b>Total Governmental Activities</b>			<u>\$ 433,768</u>	<u>\$ (130,588)</u>	<u>\$ 303,180</u>	<u>\$ 101,968</u>
<b>Business-type Activities:</b>						
General Obligation Bonds & Contracts 2007 Revolving Drinking Water Bonds Amount of Issue - \$2,090,000 Maturing through October 2028	4.60% - 4.90%	\$85,000 - \$115,000	\$ 1,422,694	\$ (95,000)	\$ 1,327,694	\$ 95,000
2011 Lapeer Co. Refunding Bonds Amount of Issue - \$1,180,000 Maturing through December 2022	2.00% 3.50%	\$90,000 - \$130,000	\$ 800,000	\$ (100,000)	\$ 700,000	\$ 105,000
2014 Lapeer Co. General Obligation Bond Amount of Issue - \$650,000 Maturing through November 2026	2.61%	\$25,000 - \$75,000	\$ 625,000	\$ (25,000)	\$ 600,000	\$ 50,000
Lapeer Co. Lift Station Bonds Amount of Issue - \$465,000 Maturing through October 2024	3.50% 4.00%	\$25,000 - \$50,000	\$ 380,000	\$ (35,000)	\$ 345,000	\$ 35,000
<b>Total Business-type Activities</b>			<u>\$ 3,227,694</u>	<u>\$ (255,000)</u>	<u>\$ 2,972,694</u>	<u>\$ 285,000</u>
<b>Total</b>			<u>\$ 3,661,462</u>	<u>\$ (385,588)</u>	<u>\$ 3,275,874</u>	<u>\$ 386,968</u>

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**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
2018	\$ 101,968	\$ 7,664	\$ 109,632	\$ 285,000	\$ 81,156	\$ 366,156
2019	88,568	5,169	93,737	300,000	73,256	373,256
2020	76,532	2,944	79,476	300,000	63,906	363,906
2021	17,806	1,010	18,816	310,000	54,556	364,556
2022	18,306	510	18,816	325,000	44,613	369,613
2023-2027	-	-	-	1,205,000	99,823	1,304,823
2028-2029	-	-	-	247,694	5,239	252,933
<b>Total</b>	<b>\$ 303,180</b>	<b>\$ 17,297</b>	<b>\$ 320,477</b>	<b>\$ 2,972,694</b>	<b>\$ 422,549</b>	<b>\$ 3,395,243</b>

**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 between 1.00% and 2.25% depending on the department. 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. 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, 2016 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	2
Active Employees	<u>13</u>
	<u>22</u>

**Contributions** - The employer is required to contribute amounts at least equally to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The obligation to contribute to and maintain the system for these employees was established by negotiation with the Village's competitive bargaining units and requires a contribution from the employees, depending on the department (Police Department, Waste Water Treatment Plant and DPW) of 4.57%, 2.00% and 2.00%. The Village makes a contribution of 6.64%, 15.17% and 27.96% to the Police, Waste Water Treatment, and DPW departments' closed plans and contribution of 3.40%, 4.01% and 3.61% to the Police, Waste Water Treatment, and DPW departments' hybrid plans adopted in 2013.

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**7. Retirement System - MERS Operated - Continued**

**Net Pension Liability** - The employer's net pension liability was measured as of December 31, 2016, 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, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.75% in the long-term; 3) Investment rate of return 7.75%, net of investment expense including inflation.

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
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, 2017

**7. Retirement System - MERS Operated - Continued**

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

<b>Total Pension Liability</b>	
Service Cost	\$ 48,713
Interest on the Total Pension Liability	215,656
Differences Between Expected and Actual Experience of the Total Net Pension Liability	(111,105)
Benefit Payments and Refunds	<u>(162,907)</u>
Net Change in Total Pension Liability	(9,643)
Total Pension Liability - Beginning	<u>2,752,816</u>
Total Pension Liability - Ending (a)	<u><u>\$ 2,743,173</u></u>
<b>Plan Fiduciary Net Position</b>	
Employer Contributions	80,204
Employee Contributions	16,184
Pension Plan Net Investment Income	103,568
Benefit Payments and Refunds	<u>(162,907)</u>
Net Change in Plan Fiduciary Net Position	37,049
Plan Fiduciary Net Position - Beginning	<u>2,041,617</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>2,078,666</u></u>
Net Pension Liability (a-b)	<u><u>\$ 664,507</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.78%
Covered Employee Payroll	\$ 726,286
Net Pension Liability as a Percentage of Covered Employee Payroll	91.49%

**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>\$ 996,310</u>	<u>\$ 664,507</u>	<u>\$ 385,988</u>

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**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, 2017, the employer recognized pension expense of \$88,486. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 111,105
Contributions Subsequent to the Measurement Date*	45,767
<b>Total</b>	<b>\$ 156,872</b>

\*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 2017.

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

<b>Year Ended,</b>		
2018	\$	27,776
2019		27,776
2020		27,776
2021		27,777
	\$	111,105

**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, 2017

**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 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, 2017, were \$14,680.

**11. Other Post-Employment Benefits**

**Plan Description** - The Village provides retiree healthcare benefits (the “plan”) to eligible employees and their spouses. As of June 30, 2017, the plan has eight active and four retired members.

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

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

**Funding Status and Fund Progress** - The Village estimated the cost of providing retiree healthcare benefits through Milliman utilizing actuarial valuations as of June 30, 2014. The Village is in the process of obtaining an updated actuarial valuation. 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, 2017, 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, 2017

**11. Other Post-Employment Benefits - Continued**

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

	<b>Post-Retirement Healthcare Plan</b>
Annual Required Contribution (ARC)	\$ 173,413
Interest on the Prior Year's Net OPEB Obligation	20,559
Less Adjustment to the Annual Required Contribution (ARC)	(21,086)
Annual OPEB Cost	172,886
Amounts Contributed - Current Premiums and Advance Funding	44,510
Increase in Net OPEB Obligation	128,376
OPEB Obligation - Beginning of Year	632,588
OPEB Obligation - End of Year	\$ 760,964

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

<b>Fiscal Year Ended</b>	<b>Annual OPEB Costs</b>	<b>Percentage OPEB Costs Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2014	\$ 148,390	18.51%	\$ 387,573
6/30/2015	\$ 159,993	24.42%	\$ 508,489
6/30/2016	\$ 174,901	28.62%	\$ 632,588
6/30/2017	\$ 173,413	25.67%	\$ 654,149

The fund progress of the plan is as follows:

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

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**11. Other Post-Employment Benefits - *Continued***

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

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

The Village qualified to use the Alternative Measurement Method (AMM), the calculation of the actuarial accrued liability and annual required contribution has been completed without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation, but with simplifications of several assumptions permitted per GASB guidelines. In the June 30, 2014, 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, 2017, was 30 years.

**12. Subsequent Events**

As of August 17, 2017, there were no subsequent events which have a material effect on the financial statements.

**13. New Accounting Standards**

For the fiscal year ended June 30, 2017, the Village implemented the following pronouncements:

*GASB Statement 77 – Tax Abatement Disclosures*

*Summary:*

This statement provides financial reporting guidance for Tax Abatements. Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

The implementation of these standards did not require a restatement of the Village's beginning year net position.

**Village of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2017

**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, 2017, the Village abated property tax revenues totaling \$2,672 under this program.

**Commercial Rehabilitation Act**

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

For the year ended June 30, 2017, the Village abated property tax revenues totaling \$5,219 under this program.

**Required Supplemental Information**

# Village of Almont

Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund

For The Fiscal Year Ended June 30, 2017

<u>Revenues</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Taxes</b>				
Current Property Tax	\$ 795,735	\$ 859,846	\$ 761,891	\$ (97,955)
<b>State-Shared Revenues</b>	253,000	255,725	256,890	1,165
<b>Licenses, Permits &amp; Fees</b>				
Tax Fees, Penalties & Interest	12,300	14,110	14,091	(19)
Liquor Licenses	2,300	2,345	2,345	(0)
Zoning Permits & Site Plan Review	1,500	2,100	2,170	70
Police Fines & District Court Fees	7,500	32,525	32,174	(351)
Franchise Fees	32,385	38,880	39,359	479
<b>Total Licenses, Permits &amp; Fees</b>	<b>55,985</b>	<b>89,960</b>	<b>90,138</b>	<b>178</b>
<b>Charges for Services</b>				
Trash Collection	121,000	125,800	125,766	(34)
Live Scan	800	1,100	1,087	(13)
Police Contract	316,145	316,145	316,145	0
<b>Total Charges for Services</b>	<b>437,945</b>	<b>443,045</b>	<b>442,998</b>	<b>(47)</b>
<b>Miscellaneous Revenues</b>				
Refunds & Reimbursements	37,000	49,300	46,563	(2,737)
Miscellaneous	3,300	8,325	8,806	481
Donations/Homecoming	200	900	898	(2)
Cellular Land Lease	24,100	24,550	24,531	(19)
<b>Total Miscellaneous Revenues</b>	<b>64,600</b>	<b>83,075</b>	<b>80,797</b>	<b>(2,278)</b>
<b>Interest Earnings</b>	1,000	665	673	8
<b>Total Revenues</b>	<b>\$ 1,608,265</b>	<b>\$ 1,732,316</b>	<b>\$ 1,633,387</b>	<b>\$ (98,929)</b>

**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 General Fund - *Continued*  
 For The Fiscal Year Ended June 30, 2017

<u>Expenditures</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>General Government</b>				
Legislative	\$ 7,225	\$ 7,225	\$ 7,224	\$ 1
Executive	130,580	165,715	150,238	15,477
General Administration	140,130	128,955	127,102	1,853
Central Municipal Activities	154,800	147,460	63,050	84,410
<b>Total General Government</b>	<u>432,735</u>	<u>449,355</u>	<u>347,614</u>	<u>101,741</u>
<b>Public Safety</b>				
Police Department	747,064	806,160	799,951	6,209
Planning & Zoning	7,840	7,065	6,488	577
<b>Total Public Safety</b>	<u>754,904</u>	<u>813,225</u>	<u>806,439</u>	<u>6,786</u>
<b>Public Works</b>				
Department of Public Works	139,690	150,010	144,814	5,196
Street Lighting	48,600	48,800	48,799	1
Sanitation	110,000	106,000	105,807	193
<b>Total Public Works</b>	<u>298,290</u>	<u>304,810</u>	<u>299,420</u>	<u>5,390</u>
<b>Capital Outlay</b>	15,000	15,000	14,134	866
<b>Debt Service-Principal</b>	4,515	4,515	4,508	7
<b>Debt Service-Interest</b>	-	-	-	-
<b>Total Expenditures</b>	<u>1,505,444</u>	<u>1,586,905</u>	<u>1,472,115</u>	<u>114,790</u>
<b>Excess of Revenues Over (Under) Expenditure</b>	102,821	145,411	161,272	15,861
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	(62,200)	(73,120)	(73,115)	5
<b>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</b>	40,621	72,291	88,157	15,866
<b>Fund Balance - Beginning of Year</b>	<u>623,000</u>	<u>623,000</u>	<u>717,670</u>	<u>94,670</u>
<b>Fund Balance - End of Year</b>	<u>\$ 663,621</u>	<u>\$ 695,291</u>	<u>\$ 805,827</u>	<u>\$ 110,536</u>

**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 Major Special Revenue Fund - Major Streets  
 For The Fiscal Year Ended June 30, 2017

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Intergovernmental Revenues	\$ 138,000	\$ 130,800	\$ 137,708	\$ 6,908
State Trunk Line Maintenance	7,800	10,930	10,930	-
Interest Income	80	85	88	3
Other Revenues	-	43	199	156
<b><u>Total Revenues</u></b>	<b>145,880</b>	<b>141,858</b>	<b>148,924</b>	<b>7,066</b>
<b><u>Expenditures</u></b>				
Salaries, Wages & Fringes	34,625	32,715	32,254	461
Professional Fees	475	475	475	-
Equipment Rental	28,600	26,800	26,776	24
Insurance	2,260	2,260	2,174	86
Sidewalks & Curbs	6,000	1,100	1,051	49
Winter Maintenance - Salt	3,700	3,700	3,684	16
Other Street Expenditures	7,900	12,250	12,213	37
Capital Outlay	7,900	7,900	7,900	-
<b><u>Total Expenditures</u></b>	<b>91,460</b>	<b>87,200</b>	<b>86,527</b>	<b>673</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>54,420</b>	<b>54,658</b>	<b>62,397</b>	<b>7,739</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(40,000)	(40,000)	(40,000)	-
<b>Net Change in Fund Balance</b>	<b>14,420</b>	<b>14,658</b>	<b>22,397</b>	<b>7,739</b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b>60,600</b>	<b>60,600</b>	<b>138,779</b>	<b>78,179</b>
<b><u>Fund Balance - End of Year</u></b>	<b>\$ 75,020</b>	<b>\$ 75,258</b>	<b>\$ 161,177</b>	<b>\$ 85,919</b>

**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 Major Special Revenue Fund - Downtown Development Authority  
 For The Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Property Taxes	\$ 167,355	\$ 167,355	\$ 139,107	\$ (28,248)
Interest Earnings	60	60	139	79
Other Revenues	-	-	-	-
<b><u>Total Revenues</u></b>	<u>167,415</u>	<u>167,415</u>	<u>139,246</u>	<u>(28,169)</u>
<b><u>Expenditures</u></b>				
Administration	31,300	31,600	26,340	5,260
Promotion - Business	10,000	10,000	596	9,404
Downtown Maintenance	54,800	54,500	45,024	9,476
Professional Fees	5,500	5,500	4,950	550
Grant Project	20,100	20,100	2,000	18,100
Capital Outlay	90,000	90,000	57,425	32,575
Debt Service - Principal	26,600	26,600	25,855	745
Debt Service - Interest	2,000	2,000	1,316	684
<b><u>Total Expenditures</u></b>	<u>240,300</u>	<u>240,300</u>	<u>163,505</u>	<u>76,794</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(72,885)	(72,885)	(24,259)	48,625
<b><u>Other Financing Sources (Uses)</u></b>				
Loan Proceeds	50,000	50,000	-	(50,000)
Grant Proceeds	25,000	25,000	45,000	20,000
<b>Net Change in Fund Balances</b>	2,115	2,115	20,741	18,625
<b><u>Fund Balance - Beginning of Year</u></b>	<u>245,945</u>	<u>245,945</u>	<u>241,803</u>	<u>(4,142)</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ 248,060</u>	<u>\$ 248,060</u>	<u>\$ 262,544</u>	<u>\$ 14,483</u>



**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 Major Debt Service Fund - Water Tower  
 For The Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 124,663	\$ 126,760	\$ 126,748	\$ (12)
Interest Earnings	55	40	36	(4)
<b><u>Total Revenues</u></b>	<u>124,718</u>	<u>126,800</u>	<u>126,784</u>	<u>(16)</u>
<b><u>Expenditures</u></b>				
Public Works	-	-	-	-
<b><u>Total Expenditures</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	124,718	126,800	126,784	(16)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(124,223)	(124,223)	(124,223)	-
<b>Net Change in Fund Balance</b>	495	2,577	2,561	(16)
<b><u>Fund Balance - Beginning of Year</u></b>	<u>41,030</u>	<u>41,030</u>	<u>53,136</u>	<u>12,106</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ 41,525</u>	<u>\$ 43,607</u>	<u>\$ 55,697</u>	<u>\$ 12,090</u>

**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 Major Debt Service Fund - Water System Improvement  
 For The Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Property Taxes	\$ -	\$ 56	\$ 56	\$ -
Interest Earnings	-	4	4	-
<b><u>Total Revenues</u></b>	<u>-</u>	<u>60</u>	<u>60</u>	<u>-</u>
<b><u>Expenditures</u></b>				
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
<b><u>Total Expenditures</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	-	60	60	-
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	-	-	-
<b>Net Change in Fund Balance</b>	-	60	60	-
<b><u>Fund Balance - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>4,115</u>	<u>4,115</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 4,175</u>	<u>\$ 4,115</u>

**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 Major Debt Service Fund - W.W.T.P. Improvement Project  
 For The Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
User Fees	\$ 123,735	\$ 123,735	\$ 131,514	\$ 7,779
Penalties	-	2,227	2,226	(1)
Interest Earnings	35	50	46	(4)
<b><u>Total Revenues</u></b>	<u>123,770</u>	<u>126,012</u>	<u>133,786</u>	<u>7,774</u>
<b><u>Expenditures</u></b>				
Paying Agent Fees & Other	-	-	-	-
<b><u>Total Expenditures</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	123,770	126,012	133,786	7,774
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(128,519)	(128,519)	(127,769)	750
<b>Net Change in Fund Balance</b>	(4,749)	(2,507)	6,017	8,524
<b><u>Fund Balance - Beginning of Year</u></b>	<u>52,490</u>	<u>52,490</u>	<u>92,138</u>	<u>39,648</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ 47,741</u>	<u>\$ 49,983</u>	<u>\$ 98,156</u>	<u>\$ 48,173</u>

**Other Supplemental Information**

**Village of Almont**  
 Required Supplemental Information  
 Municipal Employees Retirement System of Michigan  
 Schedule of Employer Contributions  
 For The Fiscal Year Ended June 30, 2017

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2007	\$ 45,746	\$ 45,746	\$ -	\$ 650,827	7.03%
12/31/2008	\$ 51,155	\$ 51,155	\$ -	\$ 707,469	7.23%
12/31/2009	\$ 56,288	\$ 56,288	\$ -	\$ 693,226	8.12%
12/31/2010	\$ 60,404	\$ 60,404	\$ -	\$ 756,251	7.99%
12/31/2011	\$ 55,893	\$ 55,893	\$ -	\$ 621,157	9.00%
12/31/2012	\$ 55,653	\$ 55,653	\$ -	\$ 651,777	8.54%
12/31/2013	\$ 57,525	\$ 57,525	\$ -	\$ 594,290	9.68%
12/31/2014	\$ 64,872	\$ 64,872	\$ -	\$ 606,507	10.70%
12/31/2015	\$ 70,919	\$ 70,919	\$ -	\$ 504,281	14.06%
12/31/2016	\$ 80,204	\$ 80,204	\$ -	\$ 726,286	11.04%

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	22
Asset valuation method	10-year smoothed value of assets
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	RP-2014 Mortality Tables of 50% male and 50% female blend

**Village of Almont**  
 Required Supplemental Information  
 Municipal Employees Retirement System of Michigan  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 For The Fiscal Year Ended June 30, 2017

**Total Pension Liability**

Service Cost	\$	48,713
Interest on the Total Pension Liability		215,656
Differences Between Expected and Actual Experience of the Total Net Pension Liability		(111,105)
Benefit Payments and Refunds		(162,907)
		(9,643)
Net Change in Total Pension Liability		(9,643)
Total Pension Liability - Beginning		2,752,816
Total Pension Liability - Ending (a)	\$	2,743,173

**Plan Fiduciary Net Position**

Employer Contributions	\$	80,204
Employee Contributions		16,184
Pension Plan Net Investment Income		103,568
Benefit Payments and Refunds		(162,907)
		37,049
Net Change in Plan Fiduciary Net Position		37,049
Plan Fiduciary Net Position - Beginning		2,041,617
Plan Fiduciary Net Position - Ending (b)		2,078,666
Net Pension Liability (a-b)	\$	664,507
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		75.78%
Covered Employee Payroll	\$	726,286
Net Pension Liability as a Percentage of Covered Employee Payroll		91.49%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2017 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  
Municipal Employees Retirement System of Michigan  
Schedule of Employers' Net Pension Liability  
For The Fiscal Year Ended June 30, 2017

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

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2017 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

Other Supplemental Information  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Local Streets Fund	Inspection Fund	Parks & Recreation Fund	
<b><u>Assets &amp; Deferred Outflows of Resources</u></b>				
<b><u>Assets</u></b>				
Cash & Cash Equivalents	\$ 125,669	\$ 19,447	\$ 36,149	\$ 181,264
Accounts Receivable	11,842	-	-	11,842
Prepaid Expenses	-	601	-	601
Due From Other Funds	615	-	-	615
<b><u>Total Assets</u></b>	<b>138,126</b>	<b>20,047</b>	<b>36,149</b>	<b>194,322</b>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Total Assets &amp; Deferred Outflows</u></b>	<b>\$ 138,126</b>	<b>\$ 20,047</b>	<b>\$ 36,149</b>	<b>\$ 194,322</b>
<b><u>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 624	\$ 1,500	\$ 1,498	\$ 3,622
Due To Other Funds	1	-	273	274
<b><u>Total Liabilities</u></b>	<b>625</b>	<b>1,500</b>	<b>1,771</b>	<b>3,896</b>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund Balances</u></b>				
Nonspendable	-	601	-	601
Restricted For:				
Highways	137,501	-	-	137,501
Building Inspections	-	17,947	-	17,947
Public Works	-	-	-	-
Recreation & Culture	-	-	34,378	34,378
<b><u>Total Liabilities, Deferred Inflows &amp; Fund Balances</u></b>	<b>\$ 138,126</b>	<b>\$ 20,047</b>	<b>\$ 36,149</b>	<b>\$ 194,322</b>



# 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, 2017

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Local Streets Fund</b>	<b>Inspection Fund</b>	<b>Park &amp; Recreation Fund</b>	
<b><u>Revenues</u></b>				
Intergovernmental Revenues	\$ 78,261	\$ -	\$ 10,000	\$ 88,261
Licenses, Fees & Permits	-	6,945	-	6,945
Interest Earnings	57	17	27	100
Other Revenues	65	263	5,847	6,175
<b><u>Total Revenues</u></b>	<b>78,383</b>	<b>7,225</b>	<b>15,873</b>	<b>101,481</b>
<b><u>Expenditures</u></b>				
Public Safety	-	21,278	-	21,278
Public Works	65,438	-	-	65,438
Recreation & Culture	-	-	14,402	14,402
Capital Outlay	7,600	-	-	7,600
Debt Service - Principal	15,924	-	-	15,924
Debt Service - Interest	2,891	-	-	2,891
<b><u>Total Expenditures</u></b>	<b>91,853</b>	<b>21,278</b>	<b>14,402</b>	<b>127,534</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	(13,471)	(14,054)	1,471	(26,053)
<b><u>Other Financing Sources (Uses)</u></b>				
Grant Proceeds	-	-	-	-
Transfers In (Out)	40,000	-	10,000	50,000
<b>Net Change in Fund Balances</b>	<b>26,529</b>	<b>(14,054)</b>	<b>11,471</b>	<b>23,947</b>
<b><u>Fund Balances - Beginning of Year</u></b>	<b>110,972</b>	<b>32,601</b>	<b>22,907</b>	<b>166,479</b>
<b><u>Fund Balances - End of Year</u></b>	<b>\$ 137,501</b>	<b>\$ 18,547</b>	<b>\$ 34,378</b>	<b>\$ 190,426</b>

**Village of Almont**  
 Other Supplemental Information  
 Schedule of Indebtedness  
 June 30, 2017

**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>2017</u>	<u>2016</u>	
4.60%	10/1/2016	\$ -	\$ 95,000	\$ -
4.75%	10/1/2017	95,000	95,000	27,204
4.75%	10/1/2018	100,000	100,000	25,132
4.75%	10/1/2019	100,000	100,000	23,007
4.80%	10/1/2020	100,000	100,000	20,882
4.85%	10/1/2021	105,000	105,000	18,704
4.90%	10/1/2022	110,000	110,000	16,419
4.90%	10/1/2023	115,000	115,000	14,029
4.90%	10/1/2024	115,000	115,000	11,586
4.90%	10/1/2025	120,000	120,000	9,089
4.90%	10/1/2026	120,000	120,000	6,539
4.90%	10/1/2027	125,000	125,000	3,936
4.90%	10/1/2028	122,694	122,694	1,304
<u>Total Revolving Drinking Water Bond</u>		<u>\$ 1,327,694</u>	<u>\$ 1,422,694</u>	<u>\$ 177,831</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>2017</u>	<u>2016</u>	
2.61%	11/6/2016	\$ -	\$ 25,000	\$ -
2.61%	11/6/2017	50,000	50,000	15,660
2.61%	11/6/2018	50,000	50,000	14,355
2.61%	11/6/2019	50,000	50,000	13,050
2.61%	11/6/2020	50,000	50,000	11,745
2.61%	11/6/2021	50,000	50,000	10,440
2.61%	11/6/2022	50,000	50,000	9,135
2.61%	11/6/2023	75,000	75,000	7,830
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>\$ 600,000</u>	<u>\$ 625,000</u>	<u>\$ 93,961</u>

**Village of Almont**  
 Other Supplemental Information  
 Schedule of Indebtedness - *Continued*  
 June 30, 2017

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>2017</u>	<u>2016</u>	
3.00%	12/1/2016	\$ -	\$ 100,000	\$ -
3.00%	12/1/2017	105,000	105,000	25,519
4.00%	12/1/2018	110,000	110,000	22,369
4.00%	12/1/2019	110,000	110,000	17,969
4.00%	12/1/2020	120,000	120,000	13,569
3.38%	12/1/2021	125,000	125,000	8,769
3.50%	12/1/2022	130,000	130,000	4,550
<u>Total Refunding Bonds</u>		<u>\$ 700,000</u>	<u>\$ 800,000</u>	<u>\$ 92,744</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>2017</u>	<u>2016</u>	
3.50%	10/1/2016	\$ -	\$ 35,000	\$ -
3.50%	10/1/2017	35,000	35,000	12,773
3.80%	10/1/2018	40,000	40,000	11,400
3.80%	10/1/2019	40,000	40,000	9,880
3.80%	10/1/2020	40,000	40,000	8,360
4.00%	10/1/2021	45,000	45,000	6,700
4.00%	10/1/2022	45,000	45,000	4,900
4.00%	10/1/2023	50,000	50,000	3,000
4.00%	10/1/2024	50,000	50,000	1,000
<u>Total Lift Station Bonds</u>		<u>\$ 345,000</u>	<u>\$ 380,000</u>	<u>\$ 58,013</u>
<u><b>Total Business-type Activities Long-Term Debt</b></u>		<u><b>\$ 2,972,694</b></u>	<u><b>\$ 3,227,694</b></u>	<u><b>\$ 422,549</b></u>

**Village of Almont**  
 Other Supplemental Information  
 Schedule of Indebtedness - *Continued*  
 June 30, 2017

**Governmental Activities General Obligation Bonds & Contracts**

Installment Purchase Contract Payable  
Police Vehicle: 2012 Dodge Charger

Dated: May 2, 2013  
 Original Issue: \$29,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2017</u>	<u>2016</u>	
1.85%	5/2/2017	\$ -	\$ 7,434	\$ -
<u>Total Installment Purchase Contract</u>		<u>\$ -</u>	<u>\$ 7,434</u>	<u>\$ -</u>

Installment Purchase Contract Payable  
Police Vehicle: Chevy Tahoe

Dated: May 31, 2013  
 Original Issue: \$33,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2017</u>	<u>2016</u>	
1.85%	5/31/2017	\$ -	\$ 8,478	\$ -
<u>Total Installment Purchase Contract</u>		<u>\$ -</u>	<u>\$ 8,478</u>	<u>\$ -</u>

Installment Purchase Contract Payable  
Equipment: 2000 Sterling Vactor Truck

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

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2017</u>	<u>2016</u>	
3.16%	5/2/2017	\$ -	\$ 19,569	\$ -
3.16%	5/2/2018	20,194	20,194	1,997
3.16%	5/2/2019	20,839	20,839	1,352
3.16%	5/2/2020	21,500	21,500	689
<u>Total Installment Purchase Contract</u>		<u>\$ 62,533</u>	<u>\$ 82,102</u>	<u>\$ 4,038</u>

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

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

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2017</u>	<u>2016</u>	
2.95%	10/16/2016	\$ -	\$ 10,005	\$ -
2.95%	10/16/2017	11,009	11,009	325
<u>Total Installment Purchase Contract</u>		<u>\$ 11,009</u>	<u>\$ 21,014</u>	<u>\$ 325</u>

**Village of Almont**  
 Other Supplemental Information  
 Schedule of Indebtedness - *Continued*  
 June 30, 2017

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>2017</u>	<u>2016</u>	
2.75%	10/5/2016	\$ -	\$ 15,924	\$ -
2.75%	10/5/2017	16,398	16,398	2,417
2.75%	10/5/2018	16,855	16,855	1,960
2.75%	10/5/2019	17,325	17,325	1,490
2.75%	10/5/2020	17,806	17,806	1,010
2.75%	10/5/2021	18,306	18,306	510
<u>Total Cherry Street Bridge</u>		<u>\$ 86,690</u>	<u>\$ 102,614</u>	<u>\$ 7,387</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>2017</u>	<u>2016</u>	
1.75%	5/31/2017	\$ -	\$ 8,971	\$ -
1.75%	5/31/2018	9,123	9,123	488
1.75%	5/31/2019	9,282	9,282	328
1.75%	5/31/2020	9,439	9,439	165
<u>Total Dump Truck</u>		<u>\$ 27,844</u>	<u>\$ 36,815</u>	<u>\$ 981</u>

Tri-County Bank  
Fiber Optic Equipment

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

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2017</u>	<u>2016</u>	
0.00%	12/10/2016	\$ -	\$ 4,508	\$ -
0.00%	12/10/2017	4,507	4,507	-
<u>Total Fiber Optic Equipment</u>		<u>\$ 4,507</u>	<u>\$ 9,015</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>2017</u>	<u>2016</u>	
4.00%	9/24/2016	\$ -	\$ 19,933	\$ -
4.00%	9/24/2017	20,307	20,307	1,164
4.00%	9/24/2018	20,688	20,688	783
4.00%	9/24/2019	21,072	21,072	395
<u>Total Street Sweeper</u>		<u>\$ 62,067</u>	<u>\$ 82,000</u>	<u>\$ 2,342</u>

**Village of Almont**  
 Other Supplemental Information  
 Schedule of Indebtedness - *Continued*  
 June 30, 2017

Tri-County Bank  
DDA - Building Construction

Dated: October 2, 2015  
 Original Issue: \$15,850

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2017</u>	<u>2016</u>	
2.35%	10/7/2016	\$ -	\$ 5,161	\$ -
2.35%	10/7/2017	-	5,283	-
2.35%	10/7/2018	-	5,406	-
<u>Total Installment Purchase</u>		<u>\$ -</u>	<u>\$ 15,850</u>	<u>\$ -</u>

Tri-County Bank  
Equipment - 2014 GMC 2500 HD Truck

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

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2017</u>	<u>2016</u>	
2.85%	2/13/2017	\$ -	\$ 5,868	\$ -
2.85%	2/13/2018	6,036	6,036	349
2.85%	2/13/2019	6,208	6,208	177
<u>Total Installment Purchase</u>		<u>\$ 12,244</u>	<u>\$ 18,112</u>	<u>\$ 526</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>2017</u>	<u>2016</u>	
2.85%	7/24/2016	\$ -	\$ 6,615	\$ -
2.85%	7/24/2017	6,804	6,804	598
2.85%	7/24/2018	6,998	6,998	405
2.85%	7/24/2019	7,196	7,196	205
<u>Total Installment Purchase</u>		<u>\$ 20,998</u>	<u>\$ 27,613</u>	<u>\$ 1,208</u>

Tri-County Bank  
Police Vehicle: 2015 Dodge Charger

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

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2017</u>	<u>2016</u>	
2.13%	2/13/2016	\$ -	\$ 7,433	\$ -
2.13%	2/13/2017	7,590	7,590	326
2.13%	2/13/2018	7,698	7,698	164
<u>Total Installment Purchase</u>		<u>\$ 15,288</u>	<u>\$ 22,721</u>	<u>\$ 490</u>

<b><u>Total Governmental Activities Long-Term Debt</u></b>	<b><u>\$ 303,180</u></b>	<b><u>\$ 433,768</u></b>	<b><u>\$ 17,297</u></b>
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# KING & KING CPAs LLC

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August 17, 2017

**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, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the **Village of Almont's** internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

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

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

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

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

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

Sincerely,

*King & King CPAs LLC*  
**KING & KING CPAs LLC**

# KING & KING CPAs LLC

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August 17, 2017

**Village of Almont**  
817 North Main Street  
Almont, MI 48003

To the Members of the Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the **Village of Almont** for the fiscal year ended June 30, 2017, and have issued our report thereon dated August 17, 2017. Professional standards require that we provide you with the following information related to our audit.

## **Our Responsibility under U.S. Generally Accepted Auditing Standards**

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

## **Planned Scope and Timing of the Audit**

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

## **Significant Audit Findings**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of auditing standards and their application. The significant accounting policies used by the **Village of Almont** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2017. 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.



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## **Audit Adjustments (Corrected and Uncorrected Misstatements)**

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

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 17, 2017.

### *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**

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## **Independent Auditor's Report on Compliance with Public Act 51 (Act 51) and on Internal Control Over Compliance Required by Public Act 298 of 2012**

Honorable Village Council  
**Village of Almont**  
Lapeer County, Michigan

### **Report on the Financial Statements**

We have audited the **Village of Almont**, Michigan's (the "Village") compliance with the types of compliance requirements described in Act 51 that could have a direct and material effect on the determination of whether the Village expended funds in compliance with Act 51 for the fiscal year ended June 30, 2017.

### **Management's Responsibility**

Management is responsible for compliance with Act 51 and related regulations.

### **Independent Auditor's Responsibility**

Our responsibility is to express an opinion on whether the Village expended funds in compliance with Act 51 based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial and performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Public Act 298 of 2012. Those standards and Public Act 298 of 2012 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the determination of whether the Village expended funds in compliance with Act 51 occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with Act 51. However, our audit does not provide a legal determination of the Village's compliance.

### **Opinion on Act 51 Compliance**

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the determination of whether the Village expended funds in compliance with Act 51 for the year ended June 30, 2017.

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## **Independent Auditor's Report on Compliance with Public Act 51 (Act 51) and on Internal Control Over Compliance Required by Public Act 298 of 2012, Concluded**

### **Report on Internal Control Over Compliance**

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we consider the Village's internal control over compliance with the types of requirements that could have a direct and material effect on the determination of whether the Village expended funds in compliance with Act 51 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with Act 51 and to test and report on internal control over compliance in accordance with Public Act 298, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of Act 51 on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of Act 51 will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of Act 51 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Public Act 298 of 2012. Accordingly, this report is not suitable for any other purpose.

*King & King CPAs LLC*

**KING & KING CPAs LLC**

August 17, 2017