

VILLAGE OF DIMONDALE



FINANCIAL STATEMENTS

YEAR ENDED
FEBRUARY 28, 2021



Drake

Certified
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Accountants

VILLAGE OF DIMONDALE

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ACCOUNTANTS' COMPILATION REPORT

Village Council
Village of Dimondale
Dimondale, MI

Management is responsible for the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Dimondale, Michigan, as of and for the year ended February 28, 2021, and related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Net Pension Liability Schedule of Employer's Contributions, and Budgetary Comparison Schedules for each major fund, on pages 3-7 and 33-37 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operations, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Karl Z. Deube

Drake Certified Public Accountants, PC

April 28, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS



VILLAGE OF DIMONDALE

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Village of Dimondale's annual financial report presents discussion and analysis of the Village's financial performance during the fiscal year ended February 28, 2021. It is best read in conjunction with the Village's financial statements that follow this section.

Overview

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Village of Dimondale financially and the two types of statements present different points of view. The government-wide statements reflect information about the activities of the entire Village, presenting an aggregate view and a longer-term view of the Village's overall financial status. The fund financial statements focus on individual components of Village government, reporting the Village's operations in more detail and demonstrating how services were financed in the short term.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the Village as a whole using accounting methods similar to those used by private-sector companies. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting. All of the year's revenue and expenses are taken into account regardless of when cash is received or paid. The two government-wide statements report the Village's net position - the difference between assets and liabilities - as one way to measure the Village's financial health or position. Over time, increases or decreases in the Village's net position is an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the Village, the reader needs to consider additional non-financial factors such as changes in the Village's property tax base and the condition of the Village's streets.

The government-wide financial statements of the Village are divided into two categories:

- *Governmental activities* - Most of the Village's basic services are included here, such as public works, parks and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - Operation and maintenance of the sanitary sewer system is included here. User fees fund the cost of providing this service.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. The Village Council establishes funds as needed to help it control and manage money for particular purposes or to demonstrate that it is meeting legal responsibilities.

The Village currently has two types of funds:

Governmental Funds

Most of the Village's basic services are included in governmental funds, which focus on how money flows in and out and the balances remaining at year-end that are available for spending. Activity is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Village that helps determine whether there are more or less resources that can be spent in the near future to finance the Village's programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation.



Management's Discussion and Analysis

Fund Financial Statements (Continued)

Proprietary Funds

Services for which the Village charges customers a fee are reported in proprietary funds. Proprietary fund statements provide both long and short-term financial information. The Village's enterprise fund, the Sewer Fund, is a type of proprietary fund.

The Village as a Whole

The statement of net position presents the perspective of the Village as a whole. Table 1 provides a summary of the Village's net position as of February 28, 2021 and 2020, in thousands of dollars.

TABLE 1	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	\$ 1,558.1	\$ 1,253.2	\$ 1,106.9	\$ 953.1	\$ 2,665.0	\$ 2,206.3
Capital Assets	1,790.3	1,962.7	4,538.9	4,777.2	6,329.2	6,739.9
TOTAL ASSETS	3,348.4	3,215.9	5,645.8	5,730.3	8,994.2	8,946.2
DEFERRED OUTFLOWS OF RESOURCES						
	7.0	3.6	-	-	7.0	3.6
LIABILITIES						
Current Liabilities	9.6	12.5	29.1	28.4	38.7	40.9
Long-Term Liabilities	395.3	412.8	32.5	61.0	427.8	473.8
TOTAL LIABILITIES	404.9	425.3	61.6	89.4	466.5	514.7
DEFERRED INFLOWS OF RESOURCES						
	22.3	11.8	-	-	22.3	11.8
NET POSITION						
Net Investment in Capital Assets	1,640.5	1,801.6	4,480.8	4,691.7	6,121.3	6,493.3
Restricted	567.9	452.2	-	-	567.9	452.2
Unrestricted	719.8	528.6	1,103.4	949.2	1,823.2	1,477.8
TOTAL NET POSITION	\$ 2,928.2	\$ 2,782.4	\$ 5,584.2	\$ 5,640.9	\$ 8,512.4	\$ 8,423.3

In both the governmental and business-type activities, capital assets are depreciated on a straight-line basis.



VILLAGE OF DIMONDALE

Management's Discussion and Analysis

The Village as a Whole (Continued)

The Village's combined net position was \$8.5 million at February 28, 2021. Capital assets (net of related debt) totaling \$6.1 million compares the historical cost, less depreciation, to the long-term debt used to finance the acquisition of those assets. The \$1,823,264 in combined unrestricted net position reflects the accumulated results of all past years' operations.

The following table shows the revenue and expense activity during the current fiscal year, and the change in net position (in thousands of dollars), as reported in the statement of activities.

TABLE 2	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUE						
Program Revenue						
Charges for Services	\$ 2.2	\$ 5.2	\$ 537.8	\$ 547.1	\$ 540.0	\$ 552.3
Operating Grants	-	-	-	-	-	-
General Revenue						
Property Taxes	405.8	388.4	-	-	405.8	388.4
Federal Grants	-	-	-	-	-	-
State Entitlements	294.4	302.6	-	-	294.4	302.6
Interest Earnings	7.3	8.3	2.4	6.5	9.7	14.8
Transfers	-	-	-	-	-	-
Other	40.7	91.6	-	-	40.7	91.6
TOTAL REVENUE	750.4	796.1	540.2	553.6	1,290.6	1,349.7
EXPENSES						
General Government	245.4	230.8	-	-	245.4	230.8
Public Safety	2.8	2.5	-	-	2.8	2.5
Public Works	165.2	170.3	-	-	165.2	170.3
Recreation	13.9	11.4	-	-	13.9	11.4
Interest on Long-Term Debt	4.9	8.7	3.4	4.5	8.3	13.2
Depreciation (Unallocated)	172.4	222.5	-	-	172.4	222.5
Proprietary Fund Expenses	-	-	593.5	627.8	593.5	627.8
TOTAL EXPENSES	604.6	646.2	596.9	632.3	1,201.5	1,278.5
CHANGE IN NET POSITION	\$ 145.8	\$ 149.9	\$ (56.7)	\$ (78.7)	\$ 89.1	\$ 71.2

Governmental Activities

The governmental activities experienced an increase in net position of 145,296. The primary reason was controlling expenditures.



Management's Discussion and Analysis

The Village as a Whole (Continued)

Business-Type Activities

The Village's business-type activities consist of the Sewer Fund. This fund experienced a decrease in net position of (\$56,714). The primary reason for the decrease was depreciation.

The Village's Funds

Analysis of the Village's major funds follows the government-wide financial statements. As noted earlier, the Village creates funds to help manage money for specific purposes and to demonstrate accountability for certain activities. The Village's major governmental funds are the General Fund and the Major and Local Street Funds.

The General Fund pays for most of the Village's governmental services and supports capital improvements in the street funds. The General Fund is supported mainly by property taxes and state shared revenue, while the Street Funds are financed by the state gas and weight tax, a millage through Eaton County (1.5 mills for 12 years, starting in 2015) and transfers from the General Fund. At the conclusion of the current fiscal year, the governmental funds reported a combined fund balance of \$1,547,868 which is an increase of \$307,352 from the previous year.

General Fund Budgetary Highlights

Over the course of the year, the Village normally amends the budget in response to changing events. In this past fiscal year, the budget was amended for various expenditure needs.

Capital Asset and Debt Administration

At the end of the 2020-21 fiscal year, the Village managed capital assets valued at over \$6.3 million including property, buildings, roads, drains, equipment, and sewer lines. \$6,023 in employee compensated absences and \$149,870 in drain assessments account for the General Fund's long-term debt and approximately \$58,134 remains owed on the Installment Purchase Agreement in the Sewer Fund.

Capital Assets Net of Accumulated Depreciation
(dollars are in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Non-Depreciable Assets						
Land	\$ 191.0	\$ 191.0	\$ 54.5	\$ 54.5	\$ 245.5	\$ 245.5
Depreciable Assets						
Buildings and Improvements	252.9	276.3	76.1	84.4	329.0	360.7
Vehicles	110.1	119.5	-	-	110.1	119.5
Furniture and Equipment	23.8	28.9	9.1	10.6	32.9	39.5
Infrastructure	1,212.5	1,347.1	4,399.1	4,627.7	5,611.6	5,974.8
Total	\$ 1,790.3	\$ 1,962.8	\$ 4,538.8	\$ 4,777.2	\$ 6,329.1	\$ 6,740.0



VILLAGE OF DIMONDALE

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

In preparing the 2021-22 budget, the Village expects similar activity levels to 2020-21. Revenues are expected to remain steady at the state level and increase at the local level. The Village expects expenditures to be consistent with last year except for an increase in capital outlay.

Contacting the Village's Management

This report is designed to provide citizens, taxpayers, customers, investors 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 questions about this report or need additional financial information, contact the Village Manager, 136 N. Bridge Street, Dimondale, MI 48821.



BASIC FINANCIAL STATEMENTS



VILLAGE OF DIMONDALE

Government-Wide Financial Statements

STATEMENT OF NET POSITION

FEBRUARY 28, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,504,153	\$ 1,009,241	\$ 2,513,394
Due From Other Governmental Units	30,530	-	30,530
Accounts Receivable	2,693	74,653	77,346
Prepaid Expenses	20,777	22,969	43,746
TOTAL CURRENT ASSETS	1,558,153	1,106,863	2,665,016
NON-CURRENT ASSETS			
Capital Assets	6,145,638	9,526,048	15,671,686
Less: Accumulated Depreciation	(4,355,296)	(4,987,095)	(9,342,391)
TOTAL NON-CURRENT ASSETS	1,790,342	4,538,953	6,329,295
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	7,030	-	7,030
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,030	-	7,030
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,355,525	\$ 5,645,816	\$ 9,001,341
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,033	\$ 619	\$ 1,652
Accrued Interest	-	-	-
Current Portion of Loans Payable	8,551	28,497	37,048
TOTAL CURRENT LIABILITIES	9,584	29,116	38,700
NON-CURRENT LIABILITIES			
Loans Payable	141,319	29,637	170,956
Compensated Absences and Severance Pay	6,023	2,883	8,906
Net Pension Liability	247,979	-	247,979
TOTAL NON-CURRENT LIABILITIES	395,321	32,520	427,841
TOTAL LIABILITIES	404,905	61,636	466,541
DEFERRED INFLOWS OF RESOURCES			
Pensions	22,318	-	22,318
TOTAL DEFERRED INFLOWS OF RESOURCES	22,318	-	22,318
NET POSITION			
Net Investment in Capital Assets	1,640,472	4,480,819	6,121,291
Restricted	567,927	-	567,927
Unrestricted	719,903	1,103,361	1,823,264
TOTAL NET POSITION	2,928,302	5,584,180	8,512,482
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 3,355,525	\$ 5,645,816	\$ 9,001,341

See Accompanying Notes and Independent Accountants' Compilation Report



STATEMENT OF ACTIVITIES

YEAR ENDED FEBRUARY 28, 2021

	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges	Operating Grants	Governmental Activities	Business- Type Activities	Total
		For Services				
FUNCTIONS/PROGRAMS						
Governmental Activities						
General Government	\$ 245,337	\$ -	\$ -	\$ (245,337)	\$ -	\$ (245,337)
Public Safety	2,825	-	-	(2,825)	-	(2,825)
Public Works	165,186	1,920	-	(163,266)	-	(163,266)
Recreational and Cultural	13,945	330	-	(13,615)	-	(13,615)
Interest on Long-Term Debt	4,852	-	-	(4,852)	(3,446)	(8,298)
Depreciation (Unallocated)	172,357	-	-	(172,357)	-	(172,357)
Total Governmental Activities	604,502	2,250	-	(602,252)	(3,446)	(605,698)
Business-Type Activities						
Sewer	593,547	537,863	-	-	(55,684)	(55,684)
Total Activities	1,198,049	540,113	-	(602,252)	(59,130)	(661,382)
General Revenue						
Taxes						
Property Taxes, Levied for General Operations				405,782	-	405,782
Property Taxes, Levied for Debt Service				-	-	-
State of Michigan Aid, Unrestricted				294,455	-	294,455
Interest Earnings				7,268	2,416	9,684
Other				40,662	-	40,662
Total General Revenue				748,167	2,416	750,583
CHANGE IN NET POSITION				145,915	(56,714)	89,201
NET POSITION - BEGINNING OF YEAR				2,782,387	5,640,894	8,423,281
NET POSITION - END OF YEAR				<u>\$ 2,928,302</u>	<u>\$ 5,584,180</u>	<u>\$ 8,512,482</u>



VILLAGE OF DIMONDALE

Governmental Funds

BALANCE SHEET

FEBRUARY 28, 2021

	General	Major Streets	Local Streets	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 961,431	\$ 274,688	\$ 268,034	\$ 1,504,153
Accounts Receivable	1,354	720	-	2,074
Due from Other Governmental Units	4,691	19,060	6,779	30,530
Due from Other Funds	1,973	-	-	1,973
Prepaid Expenditures	15,832	-	4,945	20,777
TOTAL ASSETS	\$ 985,281	\$ 294,468	\$ 279,758	\$ 1,559,507
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,033	\$ -	\$ -	\$ 1,033
Due to Other Funds	-	761	593	1,354
Unearned Revenue	9,252	-	-	9,252
TOTAL LIABILITIES	10,285	761	593	11,639
FUND BALANCES				
Non-spendable	15,832	-	4,945	20,777
Restricted	-	293,707	274,220	567,927
Assigned	47,924	-	-	47,924
Unrestricted	911,240	-	-	911,240
TOTAL FUND BALANCES	974,996	293,707	279,165	1,547,868
TOTAL LIABILITIES AND FUND BALANCES	\$ 985,281	\$ 294,468	\$ 279,758	\$ 1,559,507
TOTAL GOVERNMENTAL FUND BALANCES				\$ 1,547,868
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:				
Cost of the Capital Assets				6,145,638
Accumulated Depreciation				(4,355,296)
				<u>1,790,342</u>
Long-term liabilities are not due and payable in the current period and are not reported in the fund:				
Assessment Payable				(149,870)
Compensated Absences				(6,023)
Net Pension Liability				(247,979)
Accrued interest is not included as a liability in governmental fund				-
Deferred Property Tax Revenue				9,252
Deferred Outflows of Resources				7,030
Deferred Inflows of Resources				(22,318)
NET POSITION OF GOVERNMENTAL ACTIVITIES				\$ 2,928,302

See Accompanying Notes and Independent Accountants' Compilation Report



STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED FEBRUARY 28, 2021

	General	Major Streets	Local Streets	Totals
REVENUE				
Property Taxes	\$ 355,830	\$ -	\$ 49,952	\$ 405,782
State Grants	147,532	106,714	40,209	294,455
Federal Grants	-	-	-	-
Charges for Services	330	1,920	-	2,250
Interest	5,695	802	771	7,268
Other	40,662	-	-	40,662
TOTAL REVENUE	550,049	109,436	90,932	750,417
EXPENDITURES				
General Government	244,999	-	-	244,999
Public Safety	2,825	-	-	2,825
Public Works	92,097	54,916	18,173	165,186
Recreational and Cultural	13,945	-	-	13,945
Debt Service	9,521	1,779	4,810	16,110
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	363,387	56,695	22,983	443,065
EXCESS OF REVENUE OVER EXPENDITURES	186,662	52,741	67,949	307,352
OTHER FINANCING SOURCES				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
NET CHANGE IN FUND BALANCES	186,662	52,741	67,949	307,352
FUND BALANCES - BEGINNING OF YEAR	788,334	240,966	211,216	1,240,516
FUND BALANCES - END OF YEAR	\$ 974,996	\$ 293,707	\$ 279,165	\$ 1,547,868



VILLAGE OF DIMONDALE

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED FEBRUARY 28, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 307,352
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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 allocated over their estimated useful lives as depreciation.

Depreciation Expense	(172,357)	
Capital Outlay	<u>-</u>	(172,357)

- Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.

-

- Repayment of assessment principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt).

11,258

- Property tax revenue not collected is deferred in governmental funds, but not in the statement of activities

884

- Compensated absences are included in expenditures in the statement of activities but not in the governmental funds.

(1,396)

- Deferred outflows of resources are recorded on the statement of net position but not in the governmental funds.

3,456

- Deferred inflows of resources related to pensions are recorded on the statement of net position but not in the governmental funds.

(10,503)

- Net pension liability is recorded on the statement of net position but not in the governmental funds.

7,221

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 145,915</u>
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**STATEMENT OF NET POSITION**

FEBRUARY 28, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,009,241
Accounts Receivable	74,653
Prepaid Expenses	22,969

Total Current Assets 1,106,863

Non-Current Assets

Capital Assets	<u>4,538,953</u>
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TOTAL ASSETS \$ 5,645,816

LIABILITIES

Current Liabilities

Current Portion	\$ 28,497
Compensated Absences	2,883
Accounts Payable	-
Due to Other Funds	619

Total Current Liabilities 31,999

Long-Term Liabilities 29,637

TOTAL LIABILITIES \$ 61,636

NET POSITION

Net Investment in Capital Assets	\$ 4,480,819
Restricted for Debt Service	-
Unrestricted	1,103,361

TOTAL NET POSITION \$ 5,584,180



VILLAGE OF DIMONDALE

Proprietary Fund

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED FEBRUARY 28, 2021

OPERATING REVENUE

Charges for Services	\$ 537,863
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OPERATING EXPENSES

Salaries	22,715
Employee Benefits	7,624
Office Supplies	4,797
Contractual Services	103,434
Supplies and Chemicals	40,050
Maintenance	32,032
Utilities	78,696
Insurance	12,163
Communication	1,278
Permits	3,589
Depreciation	276,090
Other	4,085
Professional Fees	6,994

TOTAL OPERATING EXPENSES

593,547

OPERATING INCOME (LOSS)

(55,684)

NON-OPERATING REVENUE (EXPENSES)

Interest Revenue	2,416
Interest Expense	(3,446)
Sale of Assets	-
Loss on Disposal of Assets	-

TOTAL NON-OPERATING REVENUE (EXPENSES)

(1,030)

CHANGE IN NET POSITION

(56,714)

NET ASSETS - BEGINNING OF YEAR

5,640,894

NET ASSETS - END OF YEAR

\$ 5,584,180

See Accompanying Notes and Independent Accountants' Compilation Report

**STATEMENT OF CASH FLOW****YEAR ENDED FEBRUARY 28, 2021****CASH FLOW FROM OPERATING ACTIVITIES**

Cash Received from Customers	\$ 540,349
Cash Payments for Good and Services	(286,417)
Cash Payments to Employees	(22,715)
Cash Payments for Employee Benefits	(7,624)

NET CASH PROVIDED BY OPERATING ACTIVITIES 223,593**CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES**

Contributions from Other Governments	-
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CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Bond Proceeds	-
Principal Payments	(27,401)
Interest Payments	(3,446)

NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES (30,847)**CASH FLOW FROM INVESTING ACTIVITIES**

Receipts of Interest and Dividends	2,416
Sale of Assets	-
Purchase of Assets	(37,830)

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES (35,414)**NET INCREASE IN CASH** 157,332CASH - BEGINNING OF YEAR 851,909**CASH - END OF YEAR** \$ 1,009,241**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (55,684)
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Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:

Depreciation Expense	276,090
Decrease (Increase) in Accounts Receivable	2,486
Decrease (Increase) in Prepaid Expenses	1,069
Increase (Decrease) in Accounts Payable	(368)

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 223,593

VILLAGE OF DIMONDALE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village conform to United States generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. REPORTING ENTITY

The Village of Dimondale is a general law village located in Eaton County, Michigan. The Village operates under an elected council consisting of seven members and provides various services to its approximately 1,234 residents.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. appoints a voting majority of the organization's board, and has the ability to impose its will on the organization; or
2. there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on the above criteria, no additional organizations or entities are included in these financial statements.

B. BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds 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.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Government-Wide Statements

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than Building and Site Funds) that are legally restricted to expenditures for specified purposes. The Special Revenue Funds maintained by the Village are the Major Streets Fund and Local Streets Fund.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through use charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Fund Based Statements (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

C. BUDGETS AND BUDGETARY ACCOUNTING

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets are adopted on the modified accrual basis of accounting. Amendments are by action of the Board.

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

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 approved budgets of the Village for these budgetary funds were adopted at the functional level.

D. PROPERTY TAXES

Real and personal property taxes are assessed as of December 31, and attach as an enforceable lien on property as of July 1, of the subsequent year. Taxes are due and payable as of September 14. The County of Eaton prepares the tax bills for the Village of Dimondale, and the Village collects the taxes prior to return to the County. The property tax revenue in the accompanying financial statements was recognized as that levied during the year.

All unpaid taxes become delinquent after September 14, at which time the uncollected real taxes are returned to Eaton County for collection and to be added to the delinquent tax rolls. The County of Eaton purchases delinquent real property taxes of the Village of Dimondale. The County sells tax notes, the proceeds of which are used to pay the Village for the taxes. Such proceeds are included in the current year in the accompanying financial statements.

The Village is authorized to assess 12.5 mills for general operations. Millage rates levied for 2020 were 10.000 mills for operations. Total taxable value of real and personal property in the Village was \$35,411,757.

The Village is responsible for the collection of delinquent personal property taxes.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CASH EQUIVALENTS

The Village considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

F. FINANCIAL INSTRUMENTS

The Village does not require collateral to support financial instruments subject to credit risk. However, Union Bank has pledged collateral to expand their risk coverage to \$450,000, which is \$200,000 more than current FDIC coverage.

G. SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES

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.

H. EQUITY

Net Position

Net position represents the difference between assets and deferred outflow of resources, less liabilities and deferred inflow of resources. The Village reports three categories of net position, as follows: (1) Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflow of resources attributable to the acquisition, construction, or improvement of those assets, and increases by balances of deferred outflow of resources related to those assets; (2) Restricted net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Village’s debt. Restricted net position is reduced by liabilities and deferred inflow of resources related to the restricted assets; (3) Unrestricted net position consists of all other net position that does not meet the definition of the above components and is available for general use by the Village.

Fund Balance

In the fund financial statements, governmental funds report the following components of fund balance:

- Non-spendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed - Amounts that have been formally set aside by the board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board.
- Assigned - Intent to spend resources on specific purposes expressed by the board.
- Unassigned - Balances that do not otherwise fall into one of the above categories.



VILLAGE OF DIMONDALE

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (e.g. streets, bridges, drains) are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of 1 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. Costs of normal repair and maintenance that do not add to the value materially extended asset life are not capitalized.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Building and additions	15-50 years
Vehicles	5-10 years
Other equipment	5-20 years

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, 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. 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.

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.

M. ESTIMATES

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

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Department, by resolution, may authorize investment of surplus funds as follows:



NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

A. LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS (CONTINUED)

1. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
2. In certificates of deposit, savings accounts, or depository receipts of a bank, which is a member of the Federal Deposit Insurance Corporation; or a savings and loan association, which a member of the Federal Savings and Loan Insurance Corporation; or a credit union, which is insured by the National Credit Union Association; but only if the bank, savings and loan association, or credit union complies with Subsection (2).
3. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
4. In United States government or Federal agency obligation repurchase agreements.
5. In bankers' acceptances of United States banks.
6. In mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Village is in compliance with State law regarding their cash deposits.

The Village maintains all of its cash deposits at seven banks.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Village's cash deposits are as follows:

<u>Deposits</u>	<u>Book Value</u>	<u>Carrying Amounts</u>
Insured (FDIC)	\$ 900,000	\$ 900,000
Uninsured & Uncollateralized	1,613,394	1,636,821
Total Deposits	<u>\$ 2,513,394</u>	<u>\$ 2,536,821</u>

The differences between the book value and the bank carrying amounts are caused by deposits in transit and outstanding checks.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does have a policy for custodial credit risk, requiring diligence and prudence of investment officials when considering investments in obligations other than those of an agency of the United States. At year end, the Village had no investment securities that were uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Village's name.



VILLAGE OF DIMONDALE

Notes to Financial Statements

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

A. LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Village's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the Village had no such investments.

Concentration of Credit Risk

The Authority does limit the amount the Village may invest in any one issuer. The Village currently has no one investment which exceeds 20 percent of its total investments.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Village restricts the amount of investments in foreign currency and, thus, at year end had no securities subject to foreign currency risk.

NOTE 3 - ACCUMULATED FUND DEFICITS

There were no accumulated fund deficits at February 28, 2021.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Due from Other Governmental Units at February 28, 2021, is comprised of the following:

Major Streets Fund - Due from State of Michigan	\$	19,060
Local Streets Fund - Due from State of Michigan		6,779
General Fund - Due from State of Michigan		4,691
	\$	30,530

NOTE 5 - DUE TO/FROM OTHER FUNDS

Due to/due from at February 28, 2021, consisted of the following:

Due To:		Due From:	
General Fund	\$ 761	Major Streets	\$ 761
General Fund	593	Local Streets	593
General Fund	619	Sewer Fund	619
	\$ 1,973		\$ 1,973



NOTE 6 - FUND BALANCE

Components of Fund Balance at February 28, 2021, are as follows:

\$47,294 of fund balance in the General Fund is assigned. This amount represents money collected for future Parks and Recreation expenditures.

NOTE 7 - CAPITAL ASSETS

Capital asset activity of the Village’s Governmental activities was as follows:

	March 1, 2020	Additions	Disposals and Adjustments	February 28, 2021
Assets not being depreciated:				
Land	\$ 191,000	\$ -	\$ -	\$ 191,000
Capital assets being depreciated:				
Building and improvements	528,865	-	-	528,865
Vehicles	180,403	-	-	180,403
Furniture and equipment	77,052	-	-	77,052
Infrastructure	5,168,318	-	-	5,168,318
Subtotal	5,954,638	-	-	5,954,638
Accumulated depreciation:				
Building and improvements	252,602	23,321	-	275,923
Vehicles	60,932	9,376	-	70,308
Furniture and equipment	48,150	5,139	-	53,289
Infrastructure	3,821,255	134,521	-	3,955,776
Subtotal	4,182,939	172,357	-	4,355,296
Net capital assets being depreciated	1,771,699	(172,357)	-	1,599,342
Net Capital Assets	\$ 1,962,699	\$ (172,357)	\$ -	\$ 1,790,342

Depreciation expense was not charged to activities as the Department considers its assets to impact multiple activities and allocation is not practical.



VILLAGE OF DIMONDALE

Notes to Financial Statements

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Capital asset activity of the Village's Business-type activities was as follows:

	March 1, 2020	Additions	Disposals and Adjustments	February 28, 2021
Assets not being depreciated:				
Land	\$ 54,544	\$ -	\$ -	\$ 54,544
Capital assets being depreciated:				
Building and improvements	152,614	-	-	152,614
Sewer System	9,310,287	37,830	58,268	9,289,849
Equipment	29,041	-	-	29,041
Subtotal	9,491,942	37,830	58,268	9,471,504
Accumulated depreciation:				
Building and improvements	68,249	8,252	-	76,501
Sewer System	4,682,568	266,397	58,268	4,890,697
Equipment	18,456	1,441	-	19,897
Subtotal	4,769,273	276,090	58,268	4,987,095
Net capital assets being depreciated	4,722,669	(238,260)	-	4,484,409
Net capital assets	\$ 4,777,213	\$ (238,260)	\$ -	\$ 4,538,953

NOTE 8 - BUDGETARY ACCOUNTING

During the year ended February 28, 2021, the Village incurred no expenditures that were in excess of the amounts appropriated.

NOTE 9 - RISK MANAGEMENT AND LITIGATION

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years the Village has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. At February 28, 2021, no claims have been entered into the accounting records.



NOTE 10 - LONG-TERM DEBT

GENERAL LONG-TERM DEBT

DRAIN ASSESSMENT

During the year ended February 28, 2020, Eaton County assessed the Village for work done on Village drains. Various separate assessments were made with varying payment schedules and interest rates. The payment terms are for 15 years. The balance due from these assessments at February 28, 2021, was \$149,870. Future minimum payments are as follows:

Year Ended February 28/29,	Interest	Principal	Total
2022	\$ 7,890	\$ 8,551	\$ 16,441
2023	7,448	8,993	16,441
2024	6,985	9,457	16,442
2025	6,497	9,944	16,441
2026	5,985	10,457	16,442
2027	5,445	10,996	16,441
2028	4,878	11,563	16,441
2029	4,282	12,159	16,441
2030	3,655	12,786	16,441
2031	2,995	13,446	16,441
2032	2,303	14,140	16,443
2033	1,573	14,868	16,441
2034	806	12,510	13,316
	<u>\$ 60,742</u>	<u>\$ 149,870</u>	<u>\$ 210,612</u>



VILLAGE OF DIMONDALE

Notes to Financial Statements

NOTE 10 - LONG-TERM DEBT (CONTINUED)

SEWER FUND

INSTALLMENT PURCHASE AGREEMENT

The Village borrowed \$250,000 in October 2012, to assist in the construction of the Bridge Street River Crossing Force Main and Pumping Station. The contract bears interest at 4% and will be repaid with semi-annual interest payments on April 1 and October 1 and annual principal payments on October 1. The total balance due at February 28, 2021, was \$58,134. Future obligations are as follows:

Year Ended February 28,	Interest April 1	Interest October 1	Principal October 1	Total
2022	\$ 1,163	\$ 1,162	\$ 28,497	\$ 30,822
2023	592	593	29,637	30,822
	<u>\$ 1,755</u>	<u>\$ 1,755</u>	<u>\$ 58,134</u>	<u>\$ 61,644</u>

Debt activity during the year ended February 28, 2021, was as follows:

	March 1, 2020	Additions	Disbursements	February 28, 2021
Sewer Loan	\$ 85,535	\$ -	\$ 27,401	\$ 58,134
Drain Assessment	161,128	-	11,258	149,870
	<u>\$ 246,663</u>	<u>\$ -</u>	<u>\$ 38,659</u>	<u>\$ 208,004</u>

NOTE 11 - DEFINED BENEFIT PENSION PLAN

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN

Summary of Significant Accounting Policies

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan

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

BENEFITS PROVIDED

	2019 Valuation
Benefit Multiplier	2.00% Multiplier (no max)
Normal Retirement Age	60
Vesting	10 years
Early Retirement (Unreduced)	-
Early Retirement (Reduced)	50/25 55/15
Final Average Compensation	5 years
Member Contributions	4%
DC Plan for New Hires	3/1/2018
Act 88	Yes (Adopted 8/9/1999)

EMPLOYEES COVERED BY BENEFIT TERMS

At the December 31, 2019, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	1
Active employees	1
Total	8

CONTRIBUTIONS

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions range from 11%-14% based on annual payroll for open divisions.



NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

NET PENSION LIABILITY

The employer's Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS

The total pension liability in the December 31, 2019, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.00% in the long-term

Investment rate of return: 7.35%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

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

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

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



NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

DISCOUNT RATE

The discount rate used to measure the total pension liability is 7.60%. 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 plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2018	\$ 1,006,871	\$ 751,670	\$ 255,201
Changes for the Year			
Service Cost	3,883	-	3,883
Interest on Total Pension Liability	73,392	-	73,392
Changes in Benefits	-	-	-
Differences Between Expected and Actual Experience	4,943	-	4,943
Changes in Assumptions	31,732	-	31,732
Employer Contributions	-	33,680	(33,680)
Employee Contributions	-	1,653	(1,653)
Net Investment Income	-	89,258	(89,258)
Benefit Payments Including Employee Refunds	(86,246)	(86,246)	-
Administrative Expense	-	(1,467)	1,467
Other Changes	1,952	-	1,952
Net changes	29,656	36,878	(7,222)
Balances as of December 31, 2020	\$ 1,036,527	\$ 788,548	\$ 247,979



VILLAGE OF DIMONDALE

Notes to Financial Statements

NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Continued)

SENSITIVITY OF THE NET POSITION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.60% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability as December 31, 2020		\$ 247,979	
Change in Net Pension Liability	95,768	-	(82,293)
Calculated Net Pension Liability	\$ 343,747	\$ 247,979	\$ 165,686

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended February 28, 2021, the employer recognized pension expense of \$60,568. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Experience	\$ -	\$ -
Differences in Assumptions	-	-
Excess (Deficit) Investment Returns	-	22,318
Contributions Subsequent to the Measurement Date*	7,030	-
Total	\$ 7,030	\$ 22,318

*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 February 28, 2021.



NOTE 11 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

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

Year Ended February 28/29,	
2022	\$ (2,928)
2023	(3,235)
2024	14,627
2025	6,824
2026	-
Thereafter	-
	<u>\$ 15,288</u>

Required Supplementary Information

Required supplementary information schedules are required with GASB 68. The Schedule of Employer Contributions shows the employer’s required annual contributions from the annual actuarial valuation, compared with the actual contributions remitted over the past ten years. Note that this is a 10 year schedule prospectively.

The Schedule of Changes in Employer’s Net Pension Liability and Related Ratios shows the changes in total pension liability less the statement of changes in fiduciary net position resulting in the Net Pension Liability calculation for the employer. There are ratios calculated, as well, involving covered employee payrolls. Note that this is a 10 year schedule prospectively.



VILLAGE OF DIMONDALE

Net Pension Liability

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS (BEGINNING IN 2016)

AMOUNTS DETERMINED AS OF THE LAST DAY OF FEBRUARY OF EACH FISCAL YEAR

	2021	2020	2019	2018	2017	2016
Total Pension Liability						
Service Cost	\$ 3,883	\$ 7,813	\$ 14,113	\$ 13,815	\$ 12,834	\$ 12,247
Interest	73,392	74,719	73,413	71,969	68,885	66,328
Changes of Benefit Terms	-	-	(565)	-	34	-
Difference between expected and actual experience	4,943	35,931	(11,222)	(10,761)	(22,555)	-
Changes of assumptions	31,732	-	-	-	52,346	-
Benefit payments including employee refunds	(86,246)	(78,160)	(61,136)	(42,574)	(42,574)	(42,574)
Other	1,952	(2,598)	13,387	(5,270)	(4,814)	(5,247)
Net Change in Total Pension Liability	29,656	37,705	27,990	27,179	64,156	30,754
Pension Liability Beginning of Year	1,006,871	969,166	941,176	913,997	849,841	819,137
Pension Liability End of Year	\$1,036,527	\$1,006,871	\$969,166	\$941,176	\$913,997	\$849,891
Plan Fiduciary Net Position						
Contributions - Employer	\$ 33,680	\$ 31,828	\$ 22,199	\$ 20,356	\$ 17,083	\$ 17,568
Contributions - Employee	1,653	3,101	4,740	5,775	4,403	4,084
Net Investment Income	89,258	93,461	(29,294)	91,522	72,779	(10,031)
Benefit Payments Including Employee Refunds	(86,246)	(78,160)	(61,136)	(42,574)	(42,574)	(42,574)
Administrative Expenses	(1,467)	(1,606)	(1,480)	(1,449)	(1,437)	(1,471)
Net Change in Plan Fiduciary Net Position	36,878	48,624	(64,971)	73,630	50,254	(32,424)
Plan Fiduciary Net Position Beginning of Year	751,670	703,047	768,018	694,386	644,134	676,558
Plan Fiduciary Net Position End of Year	\$ 788,548	\$ 751,671	\$703,047	\$768,016	\$694,388	\$644,134
Employer Net Pension Liability	\$ 247,979	\$ 255,200	\$266,119	\$173,160	\$219,609	\$205,757
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76%	75%	73%	82%	76%	76%
Covered Employee Payroll	\$ 40,941	\$ 84,571	\$149,980	\$146,809	\$143,221	\$138,014
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	606%	302%	177%	118%	153%	149%

Notes to Schedule:

Benefit changes: There were no benefit changes affecting the 2019 valuation.

Changes in assumptions: During the 2019 valuation, the investment rate of return was reduced to 7.35% from 7.75%. The assumed rate of wage inflation was also reduced to 3.00% from 3.75%.



SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

LAST 10 FISCAL YEARS (BEGINNING IN 2016)
AMOUNTS DETERMINED AS OF THE LAST DAY OF FEBRUARY OF EACH FISCAL YEAR

Table with 7 columns (years 2021-2016) and 4 rows of contribution data: Actuarial Determined Contributions, Contributions in Relation to the Actuarially Determined Contribution, Contribution Deficiency (Excess), Covered Employee Payroll, and Contributions as a Percentage of Covered Employee Payroll.

Notes to Schedule:

- Actuarial Cost Method: Entry Age
Amortization Method: Level percentage of payroll, open
Remaining Amortization Period: 22 years
Asset Valuation Method: 5 year smoothed
Inflation: 2.50%
Salary Increases: 3.00%
Investment Rate of Return: 7.35%
Retirement Age: Varies depending on plan adoption
Mortality: 50% Female/50% Male RP-2014 Group Annuity Mortality Table



VILLAGE OF DIMONDALE

Budgetary Comparison Schedule

GENERAL FUND

YEAR ENDED FEBRUARY 28, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		
REVENUE				
Property Taxes	\$ 331,400	\$ 355,400	\$ 355,830	\$ 430
State Grants	120,000	140,000	147,532	7,532
Charges for Services	500	500	330	(170)
Interest	2,000	2,000	5,695	3,695
Other	22,300	30,100	40,662	10,562
Transfers In	-	-	-	-
TOTAL REVENUE	476,200	528,000	550,049	22,049
EXPENDITURES				
General Government	285,550	294,550	244,999	49,551
Public Safety	9,000	9,000	2,825	6,175
Public Works	132,900	128,900	92,097	36,803
Recreation and Culture	21,700	20,500	13,945	6,555
Debt Service	10,000	10,000	9,521	479
Capital Outlay	-	-	-	-
Other Uses-Operating Transfers Out	-	-	-	-
TOTAL EXPENDITURES	459,150	462,950	363,387	99,563
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER USES	17,050	65,050	186,662	121,612
BUDGETARY FUND BALANCE- MARCH 1, 2020	788,334	788,334	788,334	-
BUDGETARY FUND BALANCE- FEBRUARY 28, 2021	\$ 805,384	\$ 853,384	\$ 974,996	\$ 121,612



Budgetary Comparison Schedule

MAJOR STREETS FUND

YEAR ENDED FEBRUARY 28, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		
REVENUE				
Property Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	86,700	100,700	106,714	6,014
Federal Grants	-	-	-	-
Charges for Services	1,500	1,500	1,920	420
Interest	500	500	802	302
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL REVENUE	88,700	102,700	109,436	6,736
EXPENDITURES				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	65,440	65,440	54,916	10,524
Recreation and Culture	-	-	-	-
Debt Service	2,000	2,000	1,779	221
Capital Outlay	-	-	-	-
Other Uses-Operating Transfers Out	-	-	-	-
TOTAL EXPENDITURES	67,440	67,440	56,695	10,745
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER USES	21,260	35,260	52,741	17,481
BUDGETARY FUND BALANCE- MARCH 1, 2020	240,966	240,966	240,966	-
BUDGETARY FUND BALANCE- FEBRUARY 28, 2021	\$ 262,226	\$ 276,226	\$ 293,707	\$ 17,481



VILLAGE OF DIMONDALE

Budgetary Comparison Schedule

LOCAL STREETS FUND

YEAR ENDED FEBRUARY 28, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance
	Original	Final		
REVENUE				
Property Taxes	\$ 45,000	\$ 45,000	\$ 49,952	\$ 4,952
State Grants	34,000	34,000	40,209	6,209
Charges for Services	-	-	-	-
Interest	400	400	771	371
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL REVENUE	<u>79,400</u>	<u>79,400</u>	<u>90,932</u>	<u>11,532</u>
EXPENDITURES				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	48,755	24,445	18,173	6,272
Recreation and Culture	-	-	-	-
Debt Service	5,100	5,100	4,810	290
Capital Outlay	-	-	-	-
Other Uses-Operating Transfers Out	-	-	-	-
TOTAL EXPENDITURES	<u>53,855</u>	<u>29,545</u>	<u>22,983</u>	<u>6,562</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER USES	25,545	49,855	67,949	18,094
BUDGETARY FUND BALANCE- MARCH 1, 2020	<u>211,216</u>	<u>211,216</u>	<u>211,216</u>	<u>-</u>
BUDGETARY FUND BALANCE- FEBRUARY 28, 2021	<u>\$ 236,761</u>	<u>\$ 261,071</u>	<u>\$ 279,165</u>	<u>\$ 18,094</u>



OTHER SUPPLEMENTAL INFORMATION



VILLAGE OF DIMONDALE

General Fund

STATEMENT OF REVENUE EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL

YEAR ENDED FEBRUARY 28, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Taxes	\$ 355,400	\$ 355,830	\$ 430
State Shared Revenue	140,000	147,532	7,532
State Grant Revenue	-	-	-
Other State Revenue	-	-	-
Other Grant Revenue	7,800	8,636	836
Reimbursements	6,000	9,787	3,787
Donations	-	2,030	2,030
Charges for Services	500	330	(170)
Interest	2,000	5,695	3,695
Rentals	5,500	9,193	3,693
CATV Franchise	6,000	5,570	(430)
Payroll Administration	3,600	3,600	-
Miscellaneous	1,200	1,846	646
TOTAL REVENUE	528,000	550,049	22,049
EXPENDITURES			
GENERAL GOVERNMENT			
Village Council	11,100	7,181	3,919
Village President	2,700	2,010	690
Elections	-	-	-
Attorney	7,000	2,908	4,092
Clerk's Office	95,950	88,086	7,864
Auditor	4,500	3,975	525
Treasurer	1,000	393	607
Village Hall and Grounds	6,900	4,726	2,174
Christmas Decorations	-	-	-
Engineers	2,000	1,425	575
Rubbish Collection	54,000	51,475	2,525
Employee Benefits	69,200	53,004	16,196
Payroll Taxes	15,000	10,561	4,439
Insurance	12,500	8,997	3,503
EC Surcharge	3,700	1,544	2,156
Community Development	7,800	7,638	162
Other	1,200	1,076	124
TOTAL GENERAL GOVERNMENT	\$ 294,550	\$ 244,999	\$ 49,551



STATEMENT OF REVENUE EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (CONTINUED)

YEAR ENDED FEBRUARY 28, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED)			
PUBLIC SAFETY			
Code Enforcement	\$ 2,700	\$ 425	\$ 2,275
Emergency Disaster	2,000	-	2,000
Planning Commission	4,300	2,400	1,900
TOTAL PUBLIC SAFETY	9,000	2,825	6,175
PUBLIC WORKS			
Public Works	118,400	85,982	32,418
Trees	8,500	4,765	3,735
Drains	2,000	1,350	650
TOTAL PUBLIC WORKS	128,900	92,097	36,803
RECREATION AND CULTURE			
Parks and Recreation	20,500	13,945	6,555
DEBT SERVICE	10,000	9,521	479
CAPITAL OUTALY	-	-	-
TOTAL EXPENDITURES	462,950	363,387	99,563
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	65,050	186,662	121,612
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	-	-	-
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	65,050	186,662	121,612
BUDGETARY FUND BALANCE- MARCH 1, 2020	788,334	788,334	-
BUDGETARY FUND BALANCE- FEBRUARY 28, 2021	\$ 853,384	\$ 974,996	\$ 121,612



VILLAGE OF DIMONDALE

SPECIAL REVENUE FUNDS



COMBINING BALANCE SHEET

FEBRUARY 28, 2021

	Major Streets	Local Streets	Totals
ASSETS			
Cash	\$ 274,688	\$ 268,034	\$ 542,722
Accounts Receivable	720	-	720
Prepaid Expenses	-	4,945	4,945
Due from Other Governments	19,060	6,779	25,839
Due from Other Funds	-	-	-
TOTAL ASSETS	\$ 294,468	\$ 279,758	\$ 574,226
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	761	593	1,354
TOTAL LIABILITIES	761	593	1,354
FUND EQUITY			
Fund Balance	293,707	279,165	572,872
TOTAL LIABILITIES AND FUND BALANCE	\$ 294,468	\$ 279,758	\$ 574,226



VILLAGE OF DIMONDALE

Special Revenue Funds

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED FEBRUARY 28, 2021

	Major Streets	Local Streets	Totals
REVENUE			
Taxes	\$ -	\$ 49,952	\$ 49,952
State Grants	106,714	40,209	146,923
Federal Grants	-	-	-
Miscellaneous Services	1,920	-	1,920
Interest	802	771	1,573
TOTAL REVENUE	109,436	90,932	200,368
EXPENDITURES			
Public Works	54,916	18,173	73,089
Capital Outlay	-	-	-
Debt Service	1,779	4,810	6,589
TOTAL EXPENDITURES	56,695	22,983	73,089
EXCESS OF REVENUE OVER EXPENDITURES	52,741	67,949	120,690
FUND BALANCE - MARCH 1, 2020	240,966	211,216	452,182
FUND BALANCE - FEBRUARY 28, 2021	\$ 293,707	\$ 279,165	\$ 572,872



Major Streets Fund

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL**

YEAR ENDED FEBRUARY 28, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State Grants	\$ 100,700	\$ 106,714	\$ 6,014
Federal Grants	-	-	-
Miscellaneous Services	1,500	1,920	420
Interest	500	802	302
TOTAL REVENUE	102,700	109,436	6,736
EXPENDITURES			
PUBLIC WORKS			
Construction	35,000	34,411	589
Routine Maintenance	8,520	6,694	1,826
Traffic Services	2,550	241	2,309
Non-motorized	2,250	-	2,250
Winter Maintenance	15,120	12,526	2,594
Administration	2,000	1,044	956
TOTAL PUBLIC WORKS	65,440	54,916	10,524
CAPITAL OUTLAY	-	-	-
DEBT SERVICE	2,000	1,779	221
TOTAL EXPENDITURES	67,440	56,695	10,745
EXCESS OF REVENUE OVER EXPENDITURES	35,260	52,741	17,481
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	35,260	52,741	17,481
FUND BALANCE - MARCH 1, 2020	240,966	240,966	-
FUND BALANCE - FEBRUARY 28, 2021	\$ 276,226	\$ 293,707	\$ 17,481



VILLAGE OF DIMONDALE

Local Streets Fund

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

YEAR ENDED FEBRUARY 28, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Current Taxes	\$ 45,000	\$ 49,952	\$ 4,952
State Grants	34,000	40,209	6,209
Miscellaneous Services	-	-	-
Interest	400	771	371
TOTAL REVENUE	<u>79,400</u>	<u>90,932</u>	<u>11,532</u>
EXPENDITURES			
PUBLIC WORKS			
Construction	4,000	3,903	97
Routine Maintenance	6,795	4,989	1,806
Traffic Services	-	-	-
Non-motorized	1,000	-	1,000
Winter Maintenance	11,550	8,237	3,313
Administration	1,100	1,044	56
TOTAL PUBLIC WORKS	<u>24,445</u>	<u>18,173</u>	<u>6,272</u>
CAPITAL OUTLAY	<u>-</u>	<u>-</u>	<u>-</u>
DEBT SERVICE	<u>5,100</u>	<u>4,810</u>	<u>290</u>
TOTAL EXPENDITURES	<u>29,545</u>	<u>22,983</u>	<u>6,562</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>49,855</u>	<u>67,949</u>	<u>18,094</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>49,855</u>	<u>67,949</u>	<u>18,094</u>
FUND BALANCE - MARCH 1, 2020	<u>211,216</u>	<u>211,216</u>	<u>-</u>
FUND BALANCE - FEBRUARY 28, 2021	<u>\$ 261,071</u>	<u>\$ 279,165</u>	<u>\$ 18,094</u>