

CITY OF PINCONNING
BAY COUNTY
STATE OF MICHIGAN

— DDA Portion of City Audit

FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2024

CITY OF PINCONNING

CITY OFFICIALS - As of June 30, 2024

Mayor	Sheri Boettcher
City Manager	Rebecca Lakin
Mayor Pro-Term	Stephanie Chant
Council Member	Robin Wiess
Council Member	Becky Lesniak
Council Member	Patrick Johnson
Council Member	Kristin Boetefuer
Council Member	Chris Kuehne
City Treasurer	Amy Bromberg

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 8
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Reconciliation of Balance Sheet of Governmental Funds to Net Position	12
Statement of Revenue, Expenditures, and Changes in Fund Balance	13
Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Funds:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Fund Net Position	16
Statement of Cash Flows	17
Fiduciary Fund:	
Statement of Net Position	18
Statement of Changes in Net Position	19
Component Unit:	
Statement of Net Position	20
Statement of Activities	21
Notes to Financial Statements	22 - 39
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	40
Budgetary Comparison Schedule – Major Streets Fund	41
Budgetary Comparison Schedule – Local Streets Fund	42

TABLE OF CONTENTS

	<u>PAGE</u>
Required Supplemental Information (cont.)	
Schedule of Changes in Net Pension Liability and Related Ratios	43
Schedule of Employer's Contributions	44
Other Supporting Information	
Component Unit: Downtown Development Authority	
Budgetary Comparison Schedule – DDA Fund	45
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	46
Balance Sheet	47
Reconciliation of Balance Sheet to Statement of Net Position	48
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance	50
General Fund – Detail of Expenditures	51 - 53
Debt Schedules:	
Water Supply and Sewage Disposal System Revenue Refunding Bonds 2022 Schedule of Indebtedness	54
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	54 - 55
Schedule of Findings and Responses	56



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Robert E. Friske, C.P.A.*

Members:

*American Institute of C.P.A.'s
Michigan Association of C.P.A.'s*

INDEPENDENT AUDITOR'S REPORT

To the City Council
The City of Pinconning
208 Manitou Street
Pinconning, Michigan 48650

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business – type activities, each major fund, the aggregate discretely presented component unit, and the aggregate remaining fund information of the City of Pinconning, State of Michigan, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Pinconning's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pinconning, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pinconning's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Employer's Contributions, on pages 4-8 and 37-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

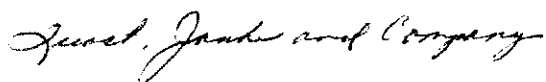
Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of the City of Pinconning's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Pinconning's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pinconning's internal control over financial reporting and compliance.

QUAST, JANKE AND COMPANY



Quast, Janke & Co., C.P.A.'s
Bay City, MI 48708
December 11, 2024

CITY OF PINCONNING
Bay County, Michigan

DOWNTOWN DEVELOPMENT AUTHORITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
Year Ended June 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 69,400	\$ 69,400	\$ 73,996	\$ 4,596
Sale of assets	-	-	-	-
Other income	5,300	5,300	5,930	630
Interest	1,180	1,180	1,179	(1)
Total Revenues	75,880	75,880	81,105	5,225
EXPENDITURES:				
Economic Development:				
Building maintenance	36,835	36,835	34,328	2,507
Administrative fees	2,500	2,500	2,500	-
Project activities	16,975	16,975	16,716	259
Debt - principal	-	-	-	-
Debt- interest	-	-	-	-
Capital outlay	-	-	-	-
Other	225	225	225	-
Total Expenditures	56,535	56,535	53,769	259
EXCESS REVENUES OVER EXPENDITURES	19,345	19,345	27,336	7,991
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Excess (deficiency) of revenues over expenditures and other uses	19,345	19,345	27,336	7,991
FUND BALANCE - Beginning of Year	47,250	34,192	44,865	
FUND BALANCE - End of Year	\$ 66,595	\$ 53,537	\$ 72,201	

CITY OF PINCONNING
Bay County, Michigan

COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

NET CHANGE IN FUND BALANCE	\$ 27,336
Amounts reported for Governmental Activities in the Statement of Activities are different because -	
Governmental Funds report capital outlays as expenditures while in the Statement of Activities, these costs are allocated over their estimated lives as depreciation expense.	
Depreciation expense	(2,118)
Capital asset purchases capitalized	-
Repayment of debt principal is an expenditure in the Governmental Funds, the repayment does not have an effect in the Statement of Activities, but does reduce the debt balance in the Statement of Net Position.	
Principal payments on long-term debt	-
CHANGE IN NET POSITION - COMPONENT UNIT ACTIVITIES	\$ <u>25,218</u>

CITY OF PINCONNING
Bay County, Michigan

COMPONENT UNIT
DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
June 30, 2024

<u>ASSETS:</u>	
Current Assets:	
Cash	\$ 72,201
Due from general fund	-
Taxes receivable	-
	<hr/>
Total Current Assets	\$ <u>72,201</u>
 <u>LIABILITIES:</u>	
Current Liabilities:	
Unearned grant revenue	\$ -
Due to Other Local Units	-
	<hr/>
Total Current Liabilities	-
Fund Balance	
Unrestricted	<hr/> 72,201
	<hr/>
Total Liabilities and Fund Balance	\$ <u>72,201</u>

CITY OF PINCONNING
Bay County, Michigan

COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2024

FUND BALANCES ON BALANCE SHEET	\$	72,201
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 therefore are not reported in the Governmental Funds Balance Sheet:		
Capital assets at cost		148,116
Accumulated depreciation		(96,687)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds		
		-
TOTAL NET POSITION - COMPONENT UNIT	\$	<u>123,630</u>