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# Village of Milford, Michigan

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**Financial Report  
with Supplemental Information  
June 30, 2020**

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## **Independent Auditor's Report**

To the Board of Directors  
Village of Milford, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Milford, Michigan (the "Village") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Village of Milford, Michigan'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 opinions 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 opinions.

### ***Opinions***

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 units, each major fund, and the aggregate remaining fund information of the Village of Milford, Michigan as of June 30, 2020 and the respective changes in its 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.

### ***Emphasis of Matter***

As described in Note 14 to the financial statements, during the year ended June 30, 2020, the Village adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which establishes accounting and financial reporting standards for the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

To the Board of Directors  
Village of Milford, Michigan

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, 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, 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.

*Other Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Milford, 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

October 7, 2020

Our discussion and analysis of the Village of Milford, Michigan's (the "Village") financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Village's financial statements.

**Using This Annual 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 longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and determine whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the 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 of the government.

**The Village as a Whole**

The following table shows, in a condensed format, the net position as of the current date and compared to the prior year:

**The Village's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019*	2020	2019	2020	2019
<b>Assets</b>						
Current and other assets	\$ 9,965,001	\$ 10,042,141	\$ 4,528,727	\$ 3,763,850	\$ 14,493,728	\$ 13,805,991
Capital assets	12,064,775	10,579,687	20,040,810	20,438,054	32,105,585	31,017,741
Total assets	22,029,776	20,621,828	24,569,537	24,201,904	46,599,313	44,823,732
<b>Deferred Outflows of Resources</b>	799,144	1,113,760	125,882	200,496	925,026	1,314,256
<b>Liabilities</b>						
Current liabilities	483,522	302,181	157,101	173,398	640,623	475,579
Noncurrent liabilities	6,587,153	7,253,259	11,150,653	11,802,252	17,737,806	19,055,511
Total liabilities	7,070,675	7,555,440	11,307,754	11,975,650	18,378,429	19,531,090
<b>Deferred Inflows of Resources</b>	332,492	114,679	54,927	37,257	387,419	151,936
<b>Net Position</b>						
Net investment in capital assets	11,010,901	10,209,948	9,383,763	9,238,620	20,394,664	19,448,568
Restricted	7,067,966	7,817,912	-	-	7,067,966	7,817,912
Unrestricted	(2,653,114)	(3,962,391)	3,948,975	3,150,873	1,295,861	(811,518)
Total net position*	<b>\$ 15,425,753</b>	<b>\$ 14,065,469</b>	<b>\$ 13,332,738</b>	<b>\$ 12,389,493</b>	<b>\$ 28,758,491</b>	<b>\$ 26,454,962</b>

\*The Village implemented GASB Statement No. 84 in fiscal year 2020. Fiscal year 2019 amounts shown have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted in the 2020 column to properly state fiscal year 2020 beginning net position.

## Village of Milford, Michigan

### Management's Discussion and Analysis (Continued)

The following table shows the changes of net position during the current and prior years:

	Governmental Activities		Business-type Activities		Total	
	2020	2019*	2020	2019	2020	2019
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 4,223,047	\$ 3,868,158	\$ 3,295,402	\$ 3,156,042	\$ 7,518,449	\$ 7,024,200
Operating grants and contributions	83,670	66,308	-	-	83,670	66,308
Capital grants and contributions	411,233	12,194	178,310	180,628	589,543	192,822
General revenue:						
Property taxes	2,096,367	2,049,574	-	-	2,096,367	2,049,574
State-shared revenue	1,253,713	1,384,694	-	-	1,253,713	1,384,694
Unrestricted investment earnings	188,554	152,453	65,924	33,372	254,478	185,825
Other revenue:						
Franchise fees	127,355	133,905	-	-	127,355	133,905
Gain on sale of capital assets	1,081	14,000	3,317	-	4,398	14,000
Other miscellaneous income	184,086	167,897	-	-	184,086	167,897
<b>Total revenue</b>	<b>8,569,106</b>	<b>7,849,183</b>	<b>3,542,953</b>	<b>3,370,042</b>	<b>12,112,059</b>	<b>11,219,225</b>
<b>Expenses</b>						
General government	736,924	720,531	-	-	736,924	720,531
Public safety	3,824,796	3,736,722	-	-	3,824,796	3,736,722
Public works	2,594,160	2,426,188	-	-	2,594,160	2,426,188
Community and economic development	39,378	40,923	-	-	39,378	40,923
Debt service	56,711	21,417	-	-	56,711	21,417
Water and sewer	-	-	2,599,708	2,492,288	2,599,708	2,492,288
<b>Total expenses</b>	<b>7,251,969</b>	<b>6,945,781</b>	<b>2,599,708</b>	<b>2,492,288</b>	<b>9,851,677</b>	<b>9,438,069</b>
<b>Change in Net Position</b>	<b>1,317,137</b>	<b>903,402</b>	<b>943,245</b>	<b>877,754</b>	<b>2,260,382</b>	<b>1,781,156</b>
<b>Net Position - Beginning of year - As restated (Note 14)</b>	<b>14,108,616</b>	<b>13,162,067</b>	<b>12,389,493</b>	<b>11,511,739</b>	<b>26,498,109</b>	<b>24,673,806</b>
<b>Net Position - End of year</b>	<b>\$ 15,425,753</b>	<b>\$ 14,065,469</b>	<b>\$ 13,332,738</b>	<b>\$ 12,389,493</b>	<b>\$ 28,758,491</b>	<b>\$ 26,454,962</b>

\*The Village implemented GASB Statement No. 84 in fiscal year 2020. Fiscal year 2019 amounts shown have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted in the 2020 column to properly state fiscal year 2020 beginning net position.

#### ***The Village's Funds***

Our analysis of the Village's major funds begins on page 10, 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 Council creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for 2019-2020 include the General Fund, the Municipal Street Fund, and the Police Fund.

In 2020, the General Fund recognized an increase in revenue of approximately \$125,000. This is due in part to an accounting change, the implementation of GASB 84, which required that certain escrow accounts be recognized as revenue. Other factors include an increase to property taxes, equipment rental, and interest. State-shared revenue was budgeted to receive an increase; however, due to COVID-19, the State reduced funding. The Community Development Block Grant was scheduled for \$33,000 in expenses, but, due to contractor availability, the project has been postponed until fiscal year 2020-2021.

The Municipal Street Fund is a special revenue fund and falls under governmental funds. Revenue is received from a dedicated millage that extends to 2032. In 2019, bonds were sold for \$2,545,000 to expedite and fund road improvements, with a large portion dedicated to paving Peters Road, which began in May 2020. Completed projects include the restoration of local streets at a cost of \$543,000 and S. Milford Road for \$900,000. Approximately \$385,000 in funds was provided by the Michigan Department of Transportation for S. Milford Road.

The Police Fund experienced a slight increase in revenue over the budgeted amount. Expenditures came in under budget by approximately 9 percent due in part to a decrease in salaries and fringes as health insurance came in less than budgeted. Three vehicles were purchased since they generally have a useful life of five years. Computers are replaced annually as needed. The Fund paid out \$50,000 in retiree health care benefits and is 75 percent funded toward its pension obligations.

#### ***Capital Assets and Debt Administration***

During fiscal year 2019-2020, the Village added over \$2.9 million to its investment in capital assets. Total assets, net of depreciation, including buildings, public works, police equipment, streets, sidewalks, parking lots, bridges, and water and sewer systems, were approximately \$30,557,418, plus construction in progress (CIP) which is valued at \$1,548,167. The largest portion of CIP is the Peters Road paving project. At year end, approximately \$522,000 has been spent; the total project cost is \$1.2M. Total outstanding debt for the Village is \$13,253,882. The legal debt limit is 10 percent of our State Equalized Value (SEV). The Village's current level of debt has increased to 4 percent, up from 3.3 percent.

#### ***Economic Factors and Next Year's Budgets and Rates***

The Village's taxable value of \$302 million has increased by \$17,000,000, or 6.2 percent, from last year. This equates to an increase of \$40,000 for the General Fund. Due to the Headlee Amendment, millage rates have been rolled back for the 2020-2021 fiscal year, from 8.0483 mills to 7.9342 mills. The levies are as follows: general operating - 03.1498 mills, refuse - 1.9700 mills, and streets - 2.8144 mills. The Downtown Development Authority levied an additional 1.6578 mills in its district, down from 1.6637.

Effective July 1, 2020, rates for water and wastewater increased slightly, going up 0.42 cents per thousand gallons and 0.50 cents per quarter. The water system has four bonds outstanding, with maturities ranging from fiscal year 2021-2022 through 2029-2030. Wastewater has two bonds outstanding, with maturities from 2029-2030 through 2037-2038. Rates for debt service payments vary due to fluctuations in payments.

COVID-19 has had a devastating impact on society and the economy. At this point, the financial impact on the Village has been minimal, although the final outcome has yet to be determined. State revenue sharing was reduced and a portion replaced with federally funded CARES Act dollars. While this was a welcome relief, the funds are restricted in how they can be used. The impact on the gas tax is still unknown. The Village receives funds from the State for ACT 51 to be used on its roads; so far, there has been no final decision as to how much the Village will be receiving. The State had a revenue forecast in August 2020, and, despite a major shortfall in funds, the outcome was better than anticipated. The Village has applied for grants from FEMA, Oakland County, and the State of Michigan for reimbursement of certain costs and supplies necessary to mitigate the virus. All the funds are federal dollars, and the Village may be subject to a single audit next year if the threshold is exceeded.

***Contacting the Village's Management***

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village's finances and demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the treasurer's office.



# Village of Milford, Michigan

## Statement of Net Position

June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 7,647,693	\$ 3,612,974	\$ 11,260,667	\$ 461,489
Receivables:				
Customer	72,236	890,684	962,920	-
Accrued interest	20,227	9,812	30,039	2,651
Other	13,619	-	13,619	90,134
Due from other governments	168,715	-	168,715	-
Capital lease	50,026	-	50,026	-
Prepaid expenses and other assets	77,429	-	77,429	9,410
Restricted cash	1,542,961	-	1,542,961	465,615
Net other postemployment benefit asset (Note 11)	372,095	15,257	387,352	-
Capital assets: (Note 4)				
Assets not subject to depreciation	1,091,998	456,169	1,548,167	1,331,284
Assets subject to depreciation	10,972,777	19,584,641	30,557,418	212,716
<b>Total assets</b>	<b>22,029,776</b>	<b>24,569,537</b>	<b>46,599,313</b>	<b>2,573,299</b>
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Note 9)	707,427	122,104	829,531	-
Deferred OPEB costs (Note 11)	91,717	3,778	95,495	-
<b>Total deferred outflows of resources</b>	<b>799,144</b>	<b>125,882</b>	<b>925,026</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	352,230	83,747	435,977	27,977
Deposits	58,614	-	58,614	-
Accrued liabilities and other	60,437	73,354	133,791	9,180
Unearned revenue	12,241	-	12,241	300,000
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	280,414	28,454	308,868	18,682
Current portion of installment payments to MDEQ (Note 6)	-	-	-	18,571
Current portion of long-term debt (Note 7)	285,768	743,500	1,029,268	80,000
Due in more than one year:				
Compensated absences (Note 7)	164,281	-	164,281	-
Installment payments to MDEQ (Note 6)	-	-	-	74,287
Landfill closure and postclosure care	200,000	-	200,000	-
Long-term debt (Note 7)	2,311,067	9,913,547	12,224,614	994,598
Net pension liability (Note 9)	3,345,623	465,152	3,810,775	-
<b>Total liabilities</b>	<b>7,070,675</b>	<b>11,307,754</b>	<b>18,378,429</b>	<b>1,523,295</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 9)	180,123	48,673	228,796	-
Deferred OPEB cost reductions (Note 11)	152,369	6,254	158,623	-
<b>Total deferred inflows of resources</b>	<b>332,492</b>	<b>54,927</b>	<b>387,419</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	11,010,901	9,383,763	20,394,664	935,017
Restricted:				
Streets and highways	2,767,403	-	2,767,403	-
Police operations	3,903,114	-	3,903,114	-
Drug law enforcement	3,727	-	3,727	-
PEG fees	66,001	-	66,001	-
Transportation - Senior van	22,403	-	22,403	-
Refuse	305,318	-	305,318	-
Unrestricted	(2,653,114)	3,948,975	1,295,861	114,987
<b>Total net position</b>	<b>\$ 15,425,753</b>	<b>\$ 13,332,738</b>	<b>\$ 28,758,491</b>	<b>\$ 1,050,004</b>

## Village of Milford, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 736,924	\$ 242,518	\$ -	\$ -
Public safety	3,824,796	3,930,350	10,190	-
Public works	2,594,160	-	-	411,233
Community and economic development	39,378	50,179	27,190	-
Recreation and culture	-	-	46,290	-
Interest on long-term debt	56,711	-	-	-
Total governmental activities	7,251,969	4,223,047	83,670	411,233
Business-type activities:				
Enterprise fund - Water	811,677	1,049,835	-	5,491
Enterprise fund - Sewer	1,788,031	2,245,567	-	172,819
Total business-type activities	2,599,708	3,295,402	-	178,310
Total primary government	<b>\$ 9,851,677</b>	<b>\$ 7,518,449</b>	<b>\$ 83,670</b>	<b>\$ 589,543</b>
Component units - Downtown Development Authority	<b>\$ 369,846</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenue:  
 Property taxes  
 State-shared revenue  
 Investment income  
 Cable franchise fees  
 Gain on sale of capital assets  
 Other miscellaneous income

Total general revenue

### Change in Net Position

**Net Position** - Beginning of year, as restated (Note 14)

**Net Position** - End of year

## Statement of Activities

Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (494,406)	\$ -	\$ (494,406)	\$ -
115,744	-	115,744	-
(2,182,927)	-	(2,182,927)	-
37,991	-	37,991	-
46,290	-	46,290	-
(56,711)	-	(56,711)	-
(2,534,019)	-	(2,534,019)	-
-	243,649	243,649	-
-	630,355	630,355	-
-	874,004	874,004	-
(2,534,019)	874,004	(1,660,015)	-
-	-	-	(369,846)
2,096,367	-	2,096,367	450,049
1,253,713	-	1,253,713	16,076
188,554	65,924	254,478	23,036
127,355	-	127,355	-
1,081	3,317	4,398	-
184,086	-	184,086	48,838
3,851,156	69,241	3,920,397	537,999
1,317,137	943,245	2,260,382	168,153
14,108,616	12,389,493	26,498,109	881,851
<b>\$ 15,425,753</b>	<b>\$ 13,332,738</b>	<b>\$ 28,758,491</b>	<b>\$ 1,050,004</b>

# Village of Milford, Michigan

## Governmental Funds Balance Sheet

June 30, 2020

	General Fund	Police Fund	Municipal Street Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,968,310	\$ 4,009,705	\$ 649,448	\$ 1,020,230	\$7,647,693
Receivables:					
Capital lease	50,026	-	-	-	50,026
Customer	72,236	-	-	-	72,236
Accrued interest	5,697	11,797	-	2,733	20,227
Other	7,656	1,522	-	4,441	13,619
Due from other governments	69,942	-	13,163	85,610	168,715
Prepaid expenses and other assets	43,521	-	-	33,908	77,429
Restricted cash	-	-	1,542,961	-	1,542,961
	<u>\$ 2,217,388</u>	<u>\$ 4,023,024</u>	<u>\$ 2,205,572</u>	<u>\$ 1,146,922</u>	<u>\$9,592,906</u>
Total assets					
<b>Liabilities</b>					
Accounts payable	\$ 48,157	\$ 86,905	\$ 196,780	\$ 20,388	\$ 352,230
Deposits	58,614	-	-	-	58,614
Accrued liabilities and other	14,897	33,005	-	-	47,902
Unearned revenue	280	-	-	11,961	12,241
	<u>121,948</u>	<u>119,910</u>	<u>196,780</u>	<u>32,349</u>	<u>470,987</u>
Total liabilities					
<b>Deferred Inflows of Resources -</b>					
Unavailable revenue	78,928	-	-	-	78,928
	<u>78,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,928</u>
Total liabilities and deferred inflows of resources	200,876	119,910	196,780	32,349	549,915
<b>Fund Balances</b>					
Nonspendable - Prepays	43,521	-	-	33,908	77,429
Restricted:					
Roads	-	-	2,008,792	724,703	2,733,495
Police	-	3,903,114	-	-	3,903,114
Drug law enforcement	-	-	-	3,727	3,727
PEG fees	66,001	-	-	-	66,001
Senior van	-	-	-	22,403	22,403
Refuse	-	-	-	305,318	305,318
Assigned:					
Retiree health care	60,771	-	-	-	60,771
Parking	312,813	-	-	-	312,813
Capital projects	-	-	-	24,514	24,514
Unassigned	1,533,406	-	-	-	1,533,406
	<u>2,016,512</u>	<u>3,903,114</u>	<u>2,008,792</u>	<u>1,114,573</u>	<u>9,042,991</u>
Total fund balances					
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,217,388</u>	<u>\$ 4,023,024</u>	<u>\$ 2,205,572</u>	<u>\$ 1,146,922</u>	<u>\$9,592,906</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

<b>Fund Balances Reported in Governmental Funds</b>	\$ 9,042,991
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	12,064,775
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	78,928
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(2,596,835)
Accrued interest is not due and payable in the current period and is not reported in the funds	(12,535)
Some employee fringe benefits are receivable (payable) over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund (liabilities) assets:	
Employee compensated absences	(444,695)
Pension benefits	(3,345,623)
Retiree health care benefits	372,095
Deferred inflows and outflows related to pension and retiree health care benefits do not provide current financial resources and are not reported in governmental funds	466,652
Other long-term liabilities, such as potential environmental remediation, do not present a claim on current financial resources and are not reported as fund liabilities	(200,000)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 15,425,753</u></b>

## Village of Milford, Michigan

# Governmental Funds

## Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2020**

	General Fund	Police Fund	Municipal Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 832,199	\$ -	\$ 743,302	\$ 520,866	\$ 2,096,367
Special assessments	27,190	-	-	-	27,190
Intergovernmental:					
State sources	565,260	49,066	2,715	636,672	1,253,713
Local grants and contributions	-	-	25,920	-	25,920
Charges for services	264,933	3,800,521	-	17,455	4,082,909
Fines and forfeitures	13,839	-	-	600	14,439
Fees:					
Cable franchise fees	127,355	-	-	-	127,355
Licenses and permits	120,931	-	-	-	120,931
Investment income	53,342	65,998	53,232	15,982	188,554
Other revenue - Other miscellaneous income	195,376	35,929	4,377	14,263	249,945
Total revenue	<u>2,200,425</u>	<u>3,951,514</u>	<u>829,546</u>	<u>1,205,838</u>	<u>8,187,323</u>
<b>Expenditures</b>					
Current services:					
General government	718,563	-	-	-	718,563
Public safety	147,235	3,573,418	-	1,000	3,721,653
Public works	805,254	-	1,759,314	1,145,745	3,710,313
Community and economic development	27,557	-	-	-	27,557
Capital outlay	-	15,580	-	-	15,580
Debt service:					
Principal	82,904	-	235,000	-	317,904
Interest on long-term debt	14,895	-	41,816	-	56,711
Total expenditures	<u>1,796,408</u>	<u>3,588,998</u>	<u>2,036,130</u>	<u>1,146,745</u>	<u>8,568,281</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	404,017	362,516	(1,206,584)	59,093	(380,958)
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 5)	-	-	-	100,090	100,090
Transfers out (Note 5)	-	-	(15,000)	(85,090)	(100,090)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	404,017	362,516	(1,221,584)	74,093	(380,958)
<b>Fund Balances</b> - Beginning of year, as restated (Note 14)	<u>1,612,495</u>	<u>3,540,598</u>	<u>3,230,376</u>	<u>1,040,480</u>	<u>9,423,949</u>
<b>Fund Balances</b> - End of year	<u><u>\$ 2,016,512</u></u>	<u><u>\$ 3,903,114</u></u>	<u><u>\$ 2,008,792</u></u>	<u><u>\$ 1,114,573</u></u>	<u><u>\$ 9,042,991</u></u>

## Village of Milford, Michigan

### Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2020

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (380,958)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	2,014,355
Depreciation expense	(914,580)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(3,530)
Capital contributions that do not provide current financial resources are not reported as revenue in the funds	385,313
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	317,904
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(14,539)
Change in net pension liability	362,741
Change in net other postemployment benefit asset	82,860
Deferred inflows related to pension and OPEB are recorded when incurred in the statement of activities	(217,813)
Deferred outflows related to pension and OPEB are recorded when incurred in the statement of activities	(314,616)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,317,137</u></b>

# Village of Milford, Michigan

## Proprietary Funds Statement of Net Position

June 30, 2020

	Enterprise Fund - Sewer	Enterprise Fund - Water	Total Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,691,963	\$ 921,011	\$ 3,612,974
Receivables from sales to customers on account	603,217	297,279	900,496
Total current assets	3,295,180	1,218,290	4,513,470
Noncurrent assets:			
Net other postemployment benefit asset (Note 11)	7,622	7,635	15,257
Capital assets: (Note 4)			
Assets not subject to depreciation	430,249	25,920	456,169
Assets subject to depreciation	12,914,430	6,670,211	19,584,641
Total noncurrent assets	13,352,301	6,703,766	20,056,067
Total assets	16,647,481	7,922,056	24,569,537
<b>Deferred Outflows of Resources</b>			
Deferred pension costs (Note 9)	92,066	30,038	122,104
Deferred OPEB costs (Note 11)	1,889	1,889	3,778
Total deferred outflows of resources	93,955	31,927	125,882
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	34,006	49,741	83,747
Accrued liabilities and other	63,276	10,078	73,354
Compensated absences (Note 7)	6,443	22,011	28,454
Current portion of long-term debt (Note 7)	424,504	318,996	743,500
Total current liabilities	528,229	400,826	929,055
Noncurrent liabilities:			
Net pension liability (Note 9)	372,121	93,031	465,152
Long-term debt (Note 7)	8,785,998	1,127,549	9,913,547
Total noncurrent liabilities	9,158,119	1,220,580	10,378,699
Total liabilities	9,686,348	1,621,406	11,307,754
<b>Deferred Inflows of Resources</b>			
Deferred pension cost reductions (Note 9)	33,297	15,376	48,673
Deferred OPEB cost reductions (Note 11)	3,125	3,129	6,254
Total deferred inflows of resources	36,422	18,505	54,927
<b>Net Position</b>			
Net investment in capital assets	4,134,177	5,249,586	9,383,763
Unrestricted	2,884,489	1,064,486	3,948,975
Total net position	<b>\$ 7,018,666</b>	<b>\$ 6,314,072</b>	<b>\$ 13,332,738</b>



## Village of Milford, Michigan

### Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

**Year Ended June 30, 2020**

	Enterprise Fund - Sewer	Enterprise Fund - Water	Total Enterprise Funds
<b>Operating Revenue</b>			
Water and sewer billings	\$ 1,311,507	\$ 688,729	\$ 2,000,236
Miscellaneous	58,586	1,310	59,896
Total operating revenue	1,370,093	690,039	2,060,132
<b>Operating Expenses</b>			
Salaries and wages	361,193	174,897	536,090
Benefits	234,580	87,387	321,967
Operating supplies	77,155	16,844	93,999
Utilities	112,273	77,938	190,211
Equipment rental	9,866	18,024	27,890
Contracted services	55,529	32,970	88,499
Maintenance	105,884	2,961	108,845
Insurance	17,408	16,222	33,630
Data processing	7,643	2,500	10,143
Miscellaneous	3,859	31,645	35,504
Depreciation	563,680	306,349	870,029
Total operating expenses	1,549,070	767,737	2,316,807
<b>Operating Loss</b>	(178,977)	(77,698)	(256,675)
<b>Nonoperating Revenue (Expense)</b>			
Investment income	48,450	17,474	65,924
Interest expense	(238,961)	(43,940)	(282,901)
Gain on sale of assets	3,317	-	3,317
Connection fees	176,185	29,280	205,465
Water and sewer debt charges	699,289	330,516	1,029,805
Total nonoperating revenue	688,280	333,330	1,021,610
<b>Income - Before capital contributions</b>	509,303	255,632	764,935
<b>Capital Contributions - Capital grants</b>	172,819	5,491	178,310
<b>Change in Net Position</b>	682,122	261,123	943,245
<b>Net Position - Beginning of year</b>	6,336,544	6,052,949	12,389,493
<b>Net Position - End of year</b>	<b>\$ 7,018,666</b>	<b>\$ 6,314,072</b>	<b>\$ 13,332,738</b>

## Village of Milford, Michigan

## Proprietary Funds Statement of Cash Flows

**Year Ended June 30, 2020**

	Enterprise Fund - Sewer	Enterprise Fund - Water	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 1,354,889	\$ 655,961	\$ 2,010,850
Payments to suppliers	(476,199)	(136,526)	(612,725)
Payments to employees and fringes	(585,200)	(281,959)	(867,159)
Net cash and cash equivalents provided by operating activities	293,490	237,476	530,966
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital grants	172,819	5,491	178,310
Disposal of capital assets	3,317	-	3,317
Purchase of capital assets	(431,577)	(41,208)	(472,785)
Principal and interest paid on capital debt	(469,002)	(359,857)	(828,859)
Debt service charge	699,289	330,516	1,029,805
Connection fees	176,185	29,280	205,465
Net cash and cash equivalents provided by (used in) capital and related financing activities	151,031	(35,778)	115,253
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	49,106	17,548	66,654
<b>Net Increase in Cash and Cash Equivalents</b>	493,627	219,246	712,873
<b>Cash and Cash Equivalents - Beginning of year</b>	2,198,336	701,765	2,900,101
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 2,691,963</b>	<b>\$ 921,011</b>	<b>\$ 3,612,974</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (178,977)	\$ (77,698)	\$ (256,675)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	563,680	306,349	870,029
Changes in assets and liabilities:			
Receivables	(15,204)	(34,078)	(49,282)
Accrued and other liabilities	(19,018)	(2,740)	(21,758)
Accounts payable	(56,991)	45,643	(11,348)
Total adjustments	472,467	315,174	787,641
Net cash provided by operating activities	<b>\$ 293,490</b>	<b>\$ 237,476</b>	<b>\$ 530,966</b>

**Village of Milford, Michigan**

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Fiduciary Fund  
Statement of Fiduciary Net Position

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**June 30, 2020**

	Other Postemployment Benefits Trust Fund
<b>Assets</b> - Investments held with MERS	\$ 1,680,363
<b>Liabilities</b>	<u>-</u>
<b>Net Position</b> - Restricted for postemployment benefits other than pensions	<u><u>\$ 1,680,363</u></u>

Fiduciary Fund  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	Other Postemployment Benefits Trust Fund
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 38,370
Investment-related expenses	<u>(3,010)</u>
Net investment income	35,360
Employer contributions	<u>77,753</u>
Total additions	113,113
<b>Deductions - Benefit payments</b>	<u>77,753</u>
<b>Net Increase in Fiduciary Net Position</b>	35,360
<b>Net Position - Beginning of year, as restated (Note 14)</b>	<u>1,645,003</u>
<b>Net Position - End of year</b>	<u><u>\$ 1,680,363</u></u>

## Village of Milford, Michigan

## Component Units Statement of Net Position

June 30, 2020

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 457,615	\$ 3,874	\$ 461,489
Receivables	92,785	-	92,785
Prepaid expenses and other assets	9,410	-	9,410
Restricted cash	465,615	-	465,615
Capital assets:			
Assets not subject to depreciation	1,331,284	-	1,331,284
Assets subject to depreciation	212,716	-	212,716
Total assets	2,569,425	3,874	2,573,299
<b>Liabilities</b>			
Accounts payable	27,977	-	27,977
Accrued liabilities and other:			
Accrued salaries and wages	1,161	-	1,161
Accrued interest payable	7,442	-	7,442
Accrued other	577	-	577
Unearned revenue	300,000	-	300,000
Noncurrent liabilities:			
Debt due within one year:			
Compensated absences	18,682	-	18,682
Current portion of installment payments to MDEQ	18,571	-	18,571
Current portion of long-term debt	80,000	-	80,000
Due in more than one year:			
Installment payments to MDEQ	74,287	-	74,287
Long-term debt	994,598	-	994,598
Total liabilities	1,523,295	-	1,523,295
<b>Net Position</b>			
Net investment in capital assets	935,017	-	935,017
Unrestricted	111,113	3,874	114,987
Total net position	<u>\$ 1,046,130</u>	<u>\$ 3,874</u>	<u>\$ 1,050,004</u>

# Village of Milford, Michigan

## Component Units Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Downtown Development Authority	\$ 369,846	\$ -	\$ -	\$ -	\$ (369,846)	\$ -	\$ (369,846)
Brownfield Redevelopment Authority	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 369,846</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(369,846)</b>	<b>-</b>	<b>(369,846)</b>
General revenue:							
					449,597	452	450,049
					16,076	-	16,076
					23,036	-	23,036
					48,838	-	48,838
				Total general revenue	<u>537,547</u>	<u>452</u>	<u>537,999</u>
				<b>Change in Net Position</b>	167,701	452	168,153
				<b>Net Position - Beginning of year, as restated (Note 14)</b>	<u>878,429</u>	<u>3,422</u>	<u>881,851</u>
				<b>Net Position - End of year</b>	<u><b>\$ 1,046,130</b></u>	<u><b>\$ 3,874</b></u>	<u><b>\$ 1,050,004</b></u>

**Note 1 - Significant Accounting Policies**

***Accounting and Reporting Principles***

The Village of Milford, Michigan (the "Village") follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Village:

***Reporting Entity***

The Village of Milford, Michigan is governed by an elected seven-member council. The accompanying financial statements present the Village and its component units, entities for which the Village is considered to be financially accountable. Blended component units are, in substance, part of the Village's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the Village. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Village (see discussion below for description).

**Blended Component Units**

The Parking Authority is incorporated into the Village's financial statements. It is governed by the Village Council. The Village has retained responsibility for funding the Parking Authority and exercises ultimate control over it.

**Discretely Presented Component Units**

The Downtown Development Authority and Brownfield Redevelopment Financing Authority component units are reported within the component unit column in the financial statements. They are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Village.

***Downtown Development Authority***

The Downtown Development Authority (the "Authority") was created to promote economic growth within the downtown district. The Authority's governing body, which consists of 10 individuals, is appointed by the Village Council. In addition, the Authority's budget is subject to approval by the Village Council.

***Brownfield Redevelopment Financing Authority***

The Brownfield Redevelopment Financing Authority (the "Brownfield Authority") was established pursuant to Public Act 381 of 1996. The Brownfield Authority was created to promote revitalization of environmentally distressed areas within the boundaries of the Village. The Authority's governing body, which consists of seven individuals, is appointed by the Village Council. In addition, the Authority's budget is subject to approval by the Village Council.

**Fiduciary Component Unit**

The Village of Milford Other Postemployment Benefits Trust Fund is governed by the Village Council. Although it is legally separate from the Village, it is reported as a fiduciary component unit because the Village appoints a voting majority of the board, and the plan imposes a financial burden on the Village.

**Note 1 - Significant Accounting Policies (Continued)**

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Taxes and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the Village's water and sewer function and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Village has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Village considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, miscellaneous revenue will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full 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 flows.



**Note 1 - Significant Accounting Policies (Continued)**

***Fund Accounting***

The Village accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Village to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. Special revenue funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions. The Village reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Police Fund accounts for the activities of the Village's police department. A millage is levied by Milford Township on all township and village residents to provide police services to all residents within the village and township boundaries.
- The Municipal Street Fund is funded by a special voted millage and accounts for the operation, maintenance, and construction of all village roads not otherwise funded by Act 51, which are accounted for through the Major Streets and Local Streets funds (both nonmajor special revenue funds).

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Village). The Village reports the following funds as major enterprise funds:

- The Sewer Fund disposes of sanitary sewage in exchange for quarterly user charges.
- The Water Fund provides water to customers in exchange for quarterly user charges.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the Village's programs. Activities that are reported as fiduciary include the Other Postemployment Benefits Trust Fund, which accounts for activities of the other postemployment benefits trust and accumulates resources for future retiree health care payments to retirees.

**Interfund Activity**

During the course of operations, the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Note 1 - Significant Accounting Policies (Continued)**

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

***Specific Balances and Transactions***

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables**

In general, outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

**Prepaid Items**

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.

**Restricted Cash**

Unspent bond proceeds of the Municipal Street Fund and unspent debt proceeds of the Downtown Development Authority are required to be set aside for construction. These amounts have been classified as restricted cash.

**Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Building	25 to 50
Equipment and machinery	3 to 15
Furniture	10
Vehicles	3 to 10
Land improvements	10 to 20
Treatment plant/Iron removal plant	5 to 50
Water lines	10 to 50
Sewer system	50
Streets, sidewalks, and bridges	20 to 40

**Note 1 - Significant Accounting Policies (Continued)**

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund 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-type statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and Water and Sewer funds are generally used to liquidate governmental long-term debt.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The Village reports deferred outflows related to the defined benefit pension plan and retiree health care plan in the government-wide financial statements and the Water and Sewer funds. The deferred outflows of resources result from four transactions: contributions to the defined benefit pension plan and retiree health care plan subsequent to the plan's year end through the Village's fiscal year end, changes in assumptions, difference between expected and actual experience, and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Village has three items that qualify for reporting in this category: deferred inflows of resources related to unavailable revenue, deferred inflows of resources related to the defined benefit pension plan, and deferred inflows of resources related to the retiree health care plan. Unavailable revenue is reported only in the governmental funds balance sheet. Deferred inflows of resources related to the defined benefit pension plan and retiree health care plan are reported in the government-wide financial statements and the Water and Sewer funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position**

Net position of the Village is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The Village will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Note 1 - Significant Accounting Policies (Continued)**

**Fund Balance Flow Assumptions**

The Village will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Village itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Village's highest level of decision-making authority. The Village Council is the highest level of decision-making authority for the Village that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Village Council has, by resolution, authorized the treasurer/finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Unassigned is the remaining classification after all of the funds have been allocated to the appropriate fund balance components noted above.

**Property Tax Revenue**

Property taxes are levied on each July 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on September 1 of the following year, at which time penalties and interest are assessed.

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

The 2019 taxable valuation of the Village totaled \$285.5 million (a portion of which is abated, and a portion of which is captured by the DDA), on which taxes levied consisted of 3.1942 mills for operating purposes, 2.00 mills for refuse collection, and 2.8541 mills for roads. This resulted in approximately \$832,000 for operating, \$521,000 for refuse collection, and \$743,000 for roads. These amounts are recognized in the General Fund, Refuse Fund, and Municipal Street Fund financial statements as tax revenue.

**Note 1 - Significant Accounting Policies (Continued)**

**Pension**

The Village offers a defined benefit pension plan to its employees. The Village records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose 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 pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

**Other Postemployment Benefit Costs**

The Village offers retiree health care benefits to retirees. The Village records a net OPEB asset for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences (Vacation and Sick Leave)**

It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Compensated absences will be liquidated primarily by the General Fund, the Downtown Development Authority component unit, the Water Fund, and the Sewer Fund.

**Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**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 and 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.

**Note 1 - Significant Accounting Policies (Continued)**

***Upcoming Accounting Pronouncements***

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Village is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Village's financial statements for the year ending June 30, 2021, but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the Village's financial statements for the June 30, 2021 fiscal year, but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Village does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Village is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Village's financial statements for the year ending June 30, 2023.



June 30, 2020

**Note 2 - Stewardship, Compliance, and Accountability**

**Construction Code Fees**

The Village oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Village charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since July 1, 2000 is as follows:

Cumulative shortfall at July 1, 2019		\$	(536,970)
Current year permit revenue			132,437
Related expenses:			
Construction code direct expenses	\$	147,235	
Construction code indirect expenses		17,979	165,214
			<u>          </u>
Current year shortfall			<u>(32,777)</u>
Cumulative shortfall June 30, 2020		\$	<u><u>(569,747)</u></u>

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. To the extent that cash from various funds has been pooled in an investment vehicle, related investment income is allocated to each fund based on relative participation in the pool.

The Village's investment policy, adopted in accordance with state law, permits the Village to invest in investment pools organized under the Surplus Funds Investment Act of 1982 and under the Investment Company Act of 1940.

The Village has designated eight banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The Village's deposits and investments are in accordance with statutory authority.

The Village's cash and investments are subject to several types of risk, which are examined in more detail below:

**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 to it. The Village does not have a deposit policy for custodial credit risk. At year end, the Village had \$4,927,791 of bank deposits (certificates of deposit and 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.

June 30, 2020

**Note 3 - 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 the following investments:

Investment	Carrying Value	Weighted- average Maturity (Years)
<b>Primary Government</b>		
Oakland County Investment Pool	\$ 2,844,599	0.93
Commercial paper	404,915	0.12
Investment	Carrying Value	Weighted Average Maturity (Years)
<b>Fiduciary Funds</b>		
MERS ISP Total Market Portfolio	\$ 1,680,363	N/A

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices. As of June 30, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Oakland County Investment Pool	\$ 2,844,599	Not rated	N/A
MBIA Class	2,673,222	AAAm	S&P
Commercial paper	404,915	A1	Moody's
Negotiable CDs	1,505,458	Not rated	N/A
Investment	Carrying Value	Rating	Rating Organization
<b>Fiduciary Funds</b>			
MERS ISP Total Market Portfolio	\$ 1,680,363	Not rated	N/A

**Concentration of Credit Risk**

The Village places no limit on the amount it may invest in any one issuer. There are no investments held by the Village with a 5 percent or more concentration in the current year.

**Fair Value Measurements**

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.



June 30, 2020

**Note 3 - Deposits and Investments (Continued)**

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Village's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Village has the following recurring fair value measurements as of June 30, 2020.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Investments measured at fair value:				
Commercial paper	\$ -	\$ 404,915	\$ -	\$ 404,915
Negotiable certificates of deposit	-	1,505,458	-	1,505,458
Investments measured at net asset value (NAV):				
Michigan CLASS Investment Pool				2,673,222
Oakland County Local Government Investment Pool				2,844,599
MERS ISP Total Market Portfolio				1,680,363
<b>Total investments</b>	<b>\$ -</b>	<b>\$ 1,910,373</b>	<b>\$ -</b>	<b>\$ 9,108,557</b>

Commercial paper is valued using broker quotes that utilize observable market inputs.

**Investments in Entities that Calculate Net Asset Value per Share**

The Village holds shares in investment pools whereby the fair value of the investments is measured on a recurring basis using net asset value per share of the investment pools as a practical expedient.

At June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan Class Investment Pool	\$ 2,673,222	\$ -	N/A	None
Oakland County Local Government Investment Pool	2,844,599	-	N/A	None
MERS ISP Total Market Portfolio	1,680,363	-	N/A	None
<b>Total</b>	<b>\$ 7,198,184</b>	<b>\$ -</b>		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

June 30, 2020

**Note 3 - Deposits and Investments (Continued)**

The Oakland County Local Government Investment Pool (LGIP) is not registered with the SEC and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares.

**Note 4 - Capital Assets**

Capital asset activity of the Village's governmental, business-type, and component unit activities was as follows:

**Governmental Activities**

	Balance at July 1, 2019	Reclassifications/ Transfers	Additions	Disposals	Balance at June 30, 2020
Capital assets not being depreciated:					
Land	\$ 341,660	\$ -	\$ 83,227	\$ -	\$ 424,887
Construction in progress	370,014	(1,276,306)	1,573,403	-	667,111
Subtotal	711,674	(1,276,306)	1,656,630	-	1,091,998
Capital assets being depreciated:					
Equipment	2,823,393	-	75,120	-	2,898,513
Furniture	41,661	-	-	-	41,661
Streets, sidewalks, and bridges	22,279,732	1,276,306	529,382	-	24,085,420
Vehicles	1,190,046	-	138,536	-	1,328,582
Land improvements	499,535	-	-	-	499,535
Building	2,867,222	-	-	-	2,867,222
Subtotal	29,701,589	1,276,306	743,038	-	31,720,933
Accumulated depreciation:					
Equipment	1,808,379	-	128,659	-	1,937,038
Furniture	17,749	-	2,139	-	19,888
Streets, sidewalks, and bridges	15,089,548	-	567,806	-	15,657,354
Vehicles	815,039	-	123,545	-	938,584
Land improvements	439,967	-	8,828	-	448,795
Building	1,662,894	-	83,603	-	1,746,497
Subtotal	19,833,576	-	914,580	-	20,748,156
Net capital assets being depreciated	9,868,013	1,276,306	(171,542)	-	10,972,777
Net governmental activities capital assets	\$ 10,579,687	\$ -	\$ 1,485,088	\$ -	\$ 12,064,775

June 30, 2020

**Note 4 - Capital Assets (Continued)**

***Business-type Activities***

	Balance at July 1, 2019	Reclassifications	Additions	Disposals/ Transfers	Balance at June 30, 2020
Capital assets not being depreciated:					
Sewer construction in progress	\$ 10,769,858	\$ (10,719,904)	\$ 380,295	\$ -	\$ 430,249
Water construction in progress	-	-	25,920	-	25,920
Subtotal	10,769,858	(10,719,904)	406,215	-	456,169
Capital assets being depreciated:					
Treatment plant	8,491,175	10,719,904	-	-	19,211,079
Sewer equipment	912,252	-	51,283	(3,585)	959,950
Water equipment	434,840	-	10,495	-	445,335
Sewer vehicles	96,005	-	-	-	96,005
Water vehicles	57,648	-	-	-	57,648
Water lines	12,139,842	-	4,792	-	12,144,634
Sewer system	4,694,757	-	-	-	4,694,757
Iron removal plant	544,426	-	-	-	544,426
Subtotal	27,370,945	10,719,904	66,570	(3,585)	38,153,834
Accumulated depreciation:					
Treatment plant	8,349,644	-	379,455	-	8,729,099
Sewer equipment	686,641	-	32,010	(3,585)	715,066
Water equipment	278,670	-	22,007	-	300,677
Sewer vehicles	46,529	-	9,061	-	55,590
Water vehicles	54,141	-	3,506	-	57,647
Water lines	5,395,917	-	270,982	-	5,666,899
Sewer system	2,404,452	-	143,154	-	2,547,606
Iron removal plant	486,755	-	9,854	-	496,609
Subtotal	17,702,749	-	870,029	(3,585)	18,569,193
Net capital assets being depreciated	9,668,196	10,719,904	(803,459)	-	19,584,641
Net business-type activities capital assets	\$ 20,438,054	\$ -	\$ (397,244)	\$ -	\$ 20,040,810

June 30, 2020

**Note 4 - Capital Assets (Continued)**

**Component Units**

	Balance at July 1, 2019	Reclassifications	Additions	Disposals	Balance at June 30, 2020
Capital assets not being depreciated:					
Land	\$ 790,721	\$ -	\$ -	\$ -	\$ 790,721
Construction in progress	512,461	-	28,102	-	540,563
Subtotal	1,303,182	-	28,102	-	1,331,284
Capital assets being depreciated:					
Equipment	615,236	-	-	-	615,236
Furniture	16,981	-	-	-	16,981
Streets, sidewalks, and bridges	1,157,120	-	-	-	1,157,120
Buildings	100,000	-	-	-	100,000
Subtotal	1,889,337	-	-	-	1,889,337
Accumulated depreciation:					
Equipment	600,047	-	8,005	-	608,052
Furniture	14,748	-	248	-	14,996
Street, sidewalks, and bridges	963,190	-	56,383	-	1,019,573
Buildings	32,000	-	2,000	-	34,000
Subtotal	1,609,985	-	66,636	-	1,676,621
Net capital assets being depreciated	279,352	-	(66,636)	-	212,716
Net capital assets	\$ 1,582,534	\$ -	\$ (38,534)	\$ -	\$ 1,544,000

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

Governmental activities:	
General government	\$ 109,088
Public safety	145,158
Public works	80,707
Streets	567,806
Parking	11,821
Total governmental activities	<u>\$ 914,580</u>
Business-type activities:	
Water	\$ 306,349
Sewer	563,680
Total business-type activities	<u>\$ 870,029</u>
Component unit activities - DDA	\$ 66,636

June 30, 2020

**Note 5 - Interfund Receivables, Payables, and Transfers**

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Capital Projects Fund	Sidewalk Fund	\$ 15,090
Municipal Street Fund	Local Streets Fund	15,000
Major Streets Fund	Local Streets Fund	70,000
	Total	<u>\$ 100,090</u>

The transfer from the Major Streets Fund into the Local Streets Fund, the transfer from the Municipal Street Fund into the Local Streets Fund, and the transfer from the Capital Projects Fund into the Sidewalk Fund were for street maintenance and the maintenance of sidewalks, respectively.

**Note 6 - Installment Payments to MDEQ**

The Downtown Development Authority (the "Authority") incurred a liability of \$130,000 payable to the Michigan Department of Environmental Quality in a prior year for a lien on property that was purchased by the Authority in a prior year. At June 30, 2020, the remaining balance payable to the MDEQ was \$92,858. Payments to the MDEQ are payable over seven years with no interest in an amount of approximately \$18,571 per year. Payments commenced during the year ended June 30, 2019 and are due annually through June 30, 2025.

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Volvo Loader capital lease							
Maturing through 2020	2.73%	\$0	\$ 32,399	\$ -	\$ (32,399)	-	-
John Deere capital lease							
Maturing through 2021	3.75%	\$31,268	62,108	-	(30,840)	31,268	31,268
Total direct borrowings and direct placements principal outstanding							
			94,507	-	(63,239)	31,268	31,268
Other debt:							
2010 Capital Improvement Bonds:							
Amount of issue - \$365,000							
Maturing through 2030	2.75% - 4.50%	\$19,500 - \$32,500	275,232	-	(19,665)	255,567	19,500
2019 Capital Improvement Bonds:							
Amount of issue - \$2,545,000							
Maturing through 2029	1.75% - 2.90%	\$235,000 - \$280,000	2,545,000	-	(235,000)	2,310,000	235,000
Total other debt principal outstanding							
			2,820,232	-	(254,665)	2,565,567	254,500
Total bonds and contracts payable							
			2,914,739	-	(317,904)	2,596,835	285,768
Compensated absences							
			430,156	294,953	(280,414)	444,695	280,414
Total governmental activities long-term debt							
			<u>\$ 3,344,895</u>	<u>\$ 294,953</u>	<u>\$ (598,318)</u>	<u>\$ 3,041,530</u>	<u>\$ 566,182</u>

June 30, 2020

**Note 7 - Long-term Debt (Continued)**

***Business-type Activities***

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2009 Drinking Water Revolving Fund loan:							
Amount of issue - \$1,301,602							
Maturing through 2029							
	2.50%	\$80,000 - \$100,000	\$ 890,000	\$ -	\$ (80,000)	\$ 810,000	\$ 80,000
2001 Drinking Water Revolving Fund loan:							
Amount of issue - \$1,905,000							
Maturing through 2021							
	2.50%	\$115,000 - \$120,000	350,000	-	(115,000)	235,000	115,000
2002 Drinking Water Revolving Fund loan:							
Amount of issue - \$1,760,000							
Maturing through 2022							
	2.50%	\$110,000	325,000	-	(105,000)	220,000	110,000
2015 State Revolving Fund:							
Amount of issue - \$10,735,000							
Maturing through 2037							
	2.50%	\$395,000 - \$555,852	9,027,400	241,015	(440,000)	8,828,415	395,000
Total direct borrowings and direct placements principal outstanding							
			10,592,400	241,015	(740,000)	10,093,415	700,000
Other debt:							
2010 Capital Improvement Bond:							
Amount of issue - \$810,000							
Maturing through 2030							
	2.75% - 4.50%	\$43,500 - \$72,500	607,034	-	(43,402)	563,632	43,500
Total bonds and contracts payable							
			11,199,434	241,015	(783,402)	10,657,047	743,500
Compensated absences							
			22,680	34,332	(28,558)	28,454	28,454
Total business-type activities long-term debt							
			<u>\$11,222,114</u>	<u>\$ 275,347</u>	<u>\$ (811,960)</u>	<u>\$10,685,501</u>	<u>\$ 771,954</u>

June 30, 2020

**Note 7 - Long-term Debt (Continued)**

**Component Units**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2018 MDEQ CMI Loan							
Amount of issue - \$586,835	1.50%	\$38,403 - \$55,451	\$ 462,114	\$ 49,100	\$ -	\$ 511,214	\$ -
Other debt:							
2010 Capital Improvement Bond:							
Amount of issue - \$225,000							
Maturing through 2030	2.75% - 4.50%	\$12,000 - \$20,000	167,317	-	(11,933)	155,384	12,000
2015 DDA Bonds Debt:							
Amount of issue - \$475,000							
Maturing through 2025	4.70%	\$68,000	475,000	-	(67,000)	408,000	68,000
Total other debt principal outstanding			642,317	-	(78,933)	563,384	80,000
Total bonds and contracts payable			1,104,431	49,100	(78,933)	1,074,598	80,000
Compensated absences			-	22,504	(3,822)	18,682	18,682
Total component unit long-term debt			<u>\$ 1,104,431</u>	<u>\$ 71,604</u>	<u>\$ (82,755)</u>	<u>\$ 1,093,280</u>	<u>\$ 98,682</u>

**General Obligation Bonds and Contracts**

The Village issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. County contractual agreements and installment purchase agreements are also general obligations of the Village.

**Revenue Bonds**

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service. Business-type activities utilize revenue bonds to finance the water and sewer system. The Village has pledged substantially all revenue of the Water Fund, net of operating expenses, to repay the 2001 and 2002 Water Supply Revenue Bonds. Proceeds from the bonds provided financing for the construction of the water supply system improvements.

The bonds are payable solely from the net revenue of the water system. The remaining principal and interest to be paid on the bonds total \$469,187. The remaining principal and interest to be paid on the drinking water revolving fund loan total \$914,500. During the current year, net revenue of the system was \$1,260,055, compared to annual debt requirements of \$335,187.



**Note 7 - Long-term Debt (Continued)**

***Debt Service Requirements to Maturity***

Total interest expense for the year was approximately \$364,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 31,268	\$ 1,801	\$ 254,500	\$ 64,864	\$ 352,433
2022	-	-	259,500	59,731	319,231
2023	-	-	264,500	54,261	318,761
2024	-	-	269,500	48,449	317,949
2025	-	-	281,000	42,121	323,121
2026-2030	-	-	1,236,567	93,171	1,329,738
2031-2035	-	-	-	-	-
2036-2039	-	-	-	-	-
<b>Total</b>	<b>\$ 31,268</b>	<b>\$ 1,801</b>	<b>\$ 2,565,567</b>	<b>\$ 362,597</b>	<b>\$ 2,961,233</b>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 700,000	\$ 245,953	\$ 43,500	\$ 23,425	\$ 1,012,878
2022	720,000	228,266	43,500	21,674	1,013,440
2023	510,000	211,516	43,500	19,912	784,928
2024	525,000	198,641	43,500	18,150	785,291
2025	540,000	185,329	58,000	16,023	799,352
2026-2030	2,840,000	713,894	331,632	39,244	3,924,770
2031-2035	2,845,000	358,207	-	-	3,203,207
2036-2039	1,413,415	41,322	-	-	1,454,737
<b>Total</b>	<b>\$10,093,415</b>	<b>\$ 2,183,128</b>	<b>\$ 563,632</b>	<b>\$ 138,428</b>	<b>\$12,978,603</b>

Years Ending June 30	Component Unit Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ -	\$ -	\$ 80,000	\$ 24,040	\$ 104,040
2022	55,451	-	80,000	20,361	155,812
2023	55,451	-	80,000	16,679	152,130
2024	49,405	6,046	80,000	12,997	148,448
2025	50,152	5,300	84,000	9,214	148,666
2026-2030	262,351	15,238	159,384	12,424	449,397
2031-2035	38,404	331	-	-	38,735
2036-2039	-	-	-	-	-
<b>Total</b>	<b>\$ 511,214</b>	<b>\$ 26,915</b>	<b>\$ 563,384</b>	<b>\$ 95,715</b>	<b>\$ 1,197,228</b>

**Note 8 - Risk Management**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village participates in the Michigan Municipal League Risk pool for all claims.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 9 - Defined Benefit Pension Plan**

***Plan Description***

The Village of Milford, Michigan participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS of Michigan) that covers certain employees of the Village. MERS of Michigan was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945. MERS of Michigan issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmichigan.com](http://www.mersofmichigan.com) or in writing to MERS of Michigan at 1134 Municipal Way, Lansing, MI 48917.

***Benefits Provided***

The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS of Michigan.

The MERS of Michigan plan covers general employees, nonunion employees, and police employees who were hired prior to various plan closing dates.

Retirement benefits for department head employees are calculated as 2.25 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 55 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for police employees are calculated as 2.50 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for nonunion employees are calculated as 2.00 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 55 with 15 years of service. The vesting period is eight years. Employees are eligible for nonduty disability benefits after eight years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

June 30, 2020

**Note 9 - Defined Benefit Pension Plan (Continued)**

Retirement benefits for patrol dispatch and command after May 1, 2012 are calculated as 1.50 percent multiplier. Normal retirement age is 60, with early retirement at 55 with 25 years of service. The vesting period is six years. Employees are eligible for nonduty disability benefits after six years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date limited to increases in the Consumer Price Index.

Benefit terms, within the parameters established by MERS of Michigan, are generally established and amended by authority of the board of directors, generally after negotiations of these terms with the affected unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

**Employees Covered by Benefit Terms**

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

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	21
Pending refunds	3
	3
Total employees covered by MERS of Michigan	58

**Contributions**

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS of Michigan retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS of Michigan retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members 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.

For the measurement year ended December 31, 2019, the average active employee contribution rate was 4.1 percent of annual pay, and the Village's average contribution rate was 32 of annual payroll.

**Net Pension Liability**

The Village has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2020 fiscal year-end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2019 measurement date. The December 31, 2019 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

**Note 9 - Defined Benefit Pension Plan (Continued)**

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2018</b>	\$ 15,177,035	\$ 10,888,533	\$ 4,288,502
Changes for the year:			
Service cost	201,258	-	201,258
Interest	1,187,839	-	1,187,839
Differences between expected and actual experience	(305,061)	-	(305,061)
Changes in assumptions	517,427	-	517,427
Contributions - Employer	-	556,525	(556,525)
Contributions - Employee	-	71,350	(71,350)
Net investment income	-	1,476,757	(1,476,757)
Benefit payments, including refunds	(859,344)	(859,344)	-
Administrative expenses	-	(25,442)	25,442
Net changes	742,119	1,219,846	(477,727)
<b>Balance at December 31, 2019</b>	<u>\$ 15,919,154</u>	<u>\$ 12,108,379</u>	<u>\$ 3,810,775</u>

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

For the year ended June 30, 2020, the Village recognized pension expense of \$719,578.

At June 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 115,245	\$ (228,796)
Changes in assumptions	388,070	-
Net difference between projected and actual earnings on pension plan investments	40,529	-
Employer contributions to the plan subsequent to the measurement date	285,687	-
Total	<u>\$ 829,531</u>	<u>\$ (228,796)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2021	\$ 95,879
2022	138,481
2023	203,878
2024	(123,191)
Total	<u>\$ 315,047</u>

June 30, 2020

**Note 9 - Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including a percentage based on an age-related scale to reflect merit, longevity, and promotional pay increases) of 3 percent; an investment rate of return (net of investment expenses) of 7.6 percent; and the RP-2014 Healthy Annuitant mortality table, RP-2014 Employee mortality table, and RP-2014 Juvenile mortality table.

The actuarial assumptions used in the December 31, 2019 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from 2014-2018.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.6 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

**Projected Cash Flows**

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make 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.

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 as of December 31, 2019, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private investments	20.00	6.56

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Village, calculated using the discount rate of 7.6 percent, as well as what the Village’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.6%)	Current Discount Rate (7.6%)	1 Percentage Point Increase (8.6%)
Net pension liability of the Village	\$ 5,864,961	\$ 3,810,775	\$ 2,100,875

June 30, 2020

**Note 9 - Defined Benefit Pension Plan (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan’s fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

***Assumption Changes***

Assumption changes are the result of a reduction in the investment rate of return assumption from 7.75 percent to 7.35 percent and a change in the assumed rate of wage inflation from 3.75 percent to 3.00 percent.

**Note 10 - Defined Contribution Pension Plan**

The Village provides pension benefits to nearly all of its nonunion and Department of Public Works employees through various defined contribution plans. The plans are named The Village of Milford, Michigan 107670, 107457, 106030, 110136, 110157, or 108649 and are administered by MERS of Michigan and ICMA, depending on the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Village Council, the Village contributes 7 percent of nonunion employees' gross earnings and nonunion employees contribute 3 percent of earnings. The Village also contributes a range of 7 percent to 10 percent of the Department of Public Works employees' gross earnings, and those employees do not contribute to the plan. In accordance with these requirements, the Village contributed \$151,530, and employees contributed \$50,204 during the current year.

**Note 11 - Other Postemployment Benefit Plan**

***Plan Description***

The Village provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the plan, a single-employer plan administered by the Village.

Management of the plan is vested in the Village Council.

***Benefits Provided***

The plan provides retiree health care benefits for all full-time employees upon retirement, in accordance with labor contracts. Currently, 18 retirees are eligible for a monthly stipend.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

Date of member count	June 30, 2019
Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	<u>33</u>
Total plan members	<u><u>51</u></u>

June 30, 2020

**Note 11 - Other Postemployment Benefit Plan (Continued)**

**Contributions**

The Village Council has the authority to establish and amend the contribution requirements of the Village and employees. The Council establishes contribution rates based on an actuarially determine rate per a funding valuation.

The collective bargaining agreements require the payment of a monthly stipend, which ranges from \$345 to \$625 per month for all participants. The Village has no obligation to make contributions in advance of when he insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). For the fiscal year ended June 30, 2020, the Village made payments for postemployment health benefit premiums of \$77,753.

**Net OPEB Asset**

The Village has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2020 fiscal year-end reported net OPEB liability was determined using a measure of the total OPEB asset and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 measurement date total OPEB asset was determined by an actuarial valuation performed as of June 20, 2019, which used update procedures to roll forward the estimated liability to June 30, 2020.

Changes in the net OPEB asset during the measurement year were as follows:

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at July 1, 2019</b>	\$ 1,343,963	\$ 1,645,003	\$ (301,040)
Changes for the year:			
Service cost	6,871	-	6,871
Interest	90,910	-	90,910
Changes in assumptions	(70,980)	-	(70,980)
Contributions - Employer	-	77,753	(77,753)
Net investment income	-	38,370	(38,370)
Benefit payments, including refunds	(77,753)	(77,753)	-
Administrative expenses	-	(3,010)	3,010
Net changes	(50,952)	35,360	(86,312)
<b>Balance at June 30, 2020</b>	<u>\$ 1,293,011</u>	<u>\$ 1,680,363</u>	<u>\$ (387,352)</u>

The plan's fiduciary net position represents 130 percent of the total OPEB liability.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the Village recognized OPEB expense of \$(6,849).

June 30, 2020

**Note 11 - Other Postemployment Benefit Plan (Continued)**

At June 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (7,235)
Changes in assumptions	-	(151,388)
Net difference between projected and actual earnings on OPEB plan investments	<u>95,495</u>	<u>-</u>
Total	<u>\$ 95,495</u>	<u>\$ (158,623)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending June 30	Amount
2021	\$ (2,361)
2022	7,404
2023	9,764
2024	(3,194)
2025	(18,529)
Thereafter	<u>(56,212)</u>
Total	<u>\$ (63,128)</u>

**Actuarial Assumptions**

The total OPEB asset in the June 30, 2019 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.5 percent; and an investment rate of return (net of investment expenses) of 7.35 percent, using the RP-2014 mortality tables. The Village provides an HRA, which consists of a flat rate and is not expected to fluctuate. Therefore, the health care cost trend rate is assumed at 0 percent. These assumptions were applied to all periods included in the measurement.

**Discount Rate**

The discount rate used to measure the total OPEB asset was 7.35 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.



**Note 11 - Other Postemployment Benefit Plan (Continued)**

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.65 %
Global fixed income	20.00	0.75
Private investments	20.00	1.95

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Village Council by a majority vote of its members.

**Sensitivity of the Net OPEB Asset to Changes in the Discount Rate**

The following presents the net OPEB asset of the Village, calculated using the discount rate of 7.35 percent, as well as what the Village's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.35%)	Current Discount Rate (7.35%)	1 Percentage Point Increase (8.35%)
Net OPEB asset of the plan	\$ 352,352	\$ 387,352	\$ 429,352

**OPEB Plan Fiduciary Net Position**

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 2.15 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Assumption Changes**

Assumption changes are the result of a change in the discount rate from 7.00 percent to 7.35 percent.

June 30, 2020

**Note 12 - Contingent Liabilities**

Pursuant to a settlement agreement executed between the Village of Milford, Michigan; Milford Township; and CSX Transportation (the “railroad company”), and after discussions with the Michigan Department of Environmental Quality, the Village, Milford Township, and the railroad company jointly submitted a proposed response activity plan and administrative consent order in order to fully resolve their liability to the State of Michigan for a contaminated landfill site. The Village, Milford Township, and the railroad company agreed to share costs associated with the performance of response activities, including the extension of a municipal waterline to service residences located hydraulically downgradient of the landfill. The Village is responsible for 42.5 percent of the cost of remediation.

The extension to the waterline was completed as of June 30, 2010 and was funded by the Village's 2009 Drinking Water Revolving Fund loan (see Note 7).

At this time, the response activity plan and administrative consent order have been submitted and fully approved by the MDEQ. The Village has recorded a contingent liability of \$200,000 in the government-wide statements. The Village calculated this liability using an expected cash flow technique.

**Note 13 - Fund Balance of the Police Fund**

As of June 30, 2020, the Police Fund has restricted fund balance of \$3,903,114. Of that amount, \$2,029,375 and \$1,674,641 has been earmarked for operating expenditures for the fiscal year 2020-2021 and for unfunded liabilities related to pensions, respectively.

At June 30, 2020, the Police Fund has fund balance totaling \$3,903,114. The components are as follows:

Restricted but earmarked:	
2020 operations	\$ 2,029,375
Unfunded pension liability	1,674,641
Discretionary police enforcement	<u>199,098</u>
Total	<u>\$ 3,903,114</u>

**Note 14 - Adoption of New Accounting Pronouncement**

During the current year, the Village adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The escrow and performance bond deposits were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within governmental funds and component units. Further, the Other Postemployment Benefits Trust Fund is now reported as a fiduciary fund.

As a result of implementing this new standard, the beginning net position/fund balance of the governmental activities, General Fund, component units, Downtown Development Authority, and fiduciary funds has been restated as follows:

	Net Position/Fund Balance - June 30, 2019 - As Previously Reported	Net Position/Fund Balance - June 30, 2019 - As Restated	Adjustment for Implementation of GASB Statement No. 84
Governmental activities	\$ 14,065,470	\$ 14,108,616	\$ 43,146
General Fund	1,569,349	1,612,495	43,146
Component units	881,590	881,851	261
Downtown Development Authority	878,168	878,429	261
Fiduciary funds	-	1,645,003	1,645,003

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## Required Supplemental Information

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## Village of Milford, Michigan

### Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 803,500	\$ 803,500	\$ 832,199	\$ 28,699
Intergovernmental:				
Federal grants	33,480	33,480	-	(33,480)
State sources	582,000	582,000	565,260	(16,740)
Charges for services	131,500	131,500	235,709	104,209
Fines and forfeitures	11,000	11,000	10,339	(661)
Fees:				
Cable franchise fees	138,000	138,000	127,355	(10,645)
Licenses and permits	125,000	125,000	120,931	(4,069)
Investment income	26,000	26,000	46,361	20,361
Other revenue - Other miscellaneous income	100,150	100,150	181,633	81,483
Total revenue	1,950,630	1,950,630	2,119,787	169,157
<b>Expenditures</b>				
Current services:				
General government	755,317	801,107	686,164	114,943
Public safety	179,922	161,647	147,235	14,412
Public works	957,958	868,443	802,662	65,781
Debt service	31,033	98,033	97,799	234
Total expenditures	1,924,230	1,929,230	1,733,860	195,370
<b>Excess of Revenue Over Expenditures</b>	26,400	21,400	385,927	364,527
<b>Other Financing Uses - Transfers out</b>	(26,400)	(26,400)	(26,400)	-
<b>Net Change in Fund Balance</b>	-	(5,000)	359,527	364,527
<b>Fund Balance - Beginning of year</b>	1,609,614	1,609,614	1,609,614	-
<b>Fund Balance - End of year</b>	<u>\$ 1,609,614</u>	<u>\$ 1,604,614</u>	<u>\$ 1,969,141</u>	<u>\$ 364,527</u>

## Village of Milford, Michigan

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 75,000	\$ 75,000	\$ 49,066	\$ (25,934)
Charges for services	3,797,000	3,797,000	3,800,521	3,521
Investment income	10,000	10,000	65,998	55,998
Other revenue	35,500	35,500	35,929	429
Total revenue	3,917,500	3,917,500	3,951,514	34,014
<b>Expenditures</b>				
Current services - Public safety	3,902,500	3,907,500	3,573,418	334,082
Capital outlay	15,000	15,000	15,580	(580)
Total expenditures	3,917,500	3,922,500	3,588,998	333,502
<b>Net Change in Fund Balance</b>	-	(5,000)	362,516	367,516
<b>Fund Balance - Beginning of year</b>	3,540,598	3,540,598	3,540,598	-
<b>Fund Balance - End of year</b>	<u>\$ 3,540,598</u>	<u>\$ 3,535,598</u>	<u>\$ 3,903,114</u>	<u>\$ 367,516</u>

## Village of Milford, Michigan

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Municipal Street Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 717,000	\$ 717,000	\$ 743,302	\$ 26,302
Intergovernmental	-	-	28,635	28,635
Investment income	7,600	7,600	53,232	45,632
Other revenue - Other miscellaneous income	4,900	4,900	4,377	(523)
Total revenue	729,500	729,500	829,546	100,046
<b>Expenditures - Current - Public works</b>	2,950,000	2,950,000	2,036,130	913,870
<b>Excess of Expenditures Over Revenue</b>	(2,220,500)	(2,220,500)	(1,206,584)	1,013,916
<b>Other Financing Uses - Transfers out</b>	(15,000)	(15,000)	(15,000)	-
<b>Net Change in Fund Balance</b>	(2,235,500)	(2,235,500)	(1,221,584)	1,013,916
<b>Fund Balance - Beginning of year</b>	3,230,376	3,230,376	3,230,376	-
<b>Fund Balance - End of year</b>	<u>\$ 994,876</u>	<u>\$ 994,876</u>	<u>\$ 2,008,792</u>	<u>\$ 1,013,916</u>

## Village of Milford, Michigan

### Required Supplemental Information Schedule of Village Pension Contributions

**Last Ten Fiscal Years  
Years Ended June 30**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially required contribution	\$ 572,205	\$ 539,216	\$ 535,095	\$ 435,754	\$ 426,531	\$ 394,285	\$ 398,800	\$ 333,352	\$ 328,839	\$ 324,591
Contributions in relation to the actuarially determined contribution	572,205	539,216	535,095	435,754	626,531	748,478	798,800	435,252	728,839	324,591
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000</b>	<b>\$ 354,193</b>	<b>\$ 400,000</b>	<b>\$ 101,900</b>	<b>\$ 400,000</b>	<b>\$ -</b>
<b>Village's Covered Payroll</b>	\$ 1,747,868	\$ 1,595,515	\$ 1,582,332	\$ 1,658,117	\$ 1,703,094	\$ 1,730,308	\$ 1,870,909	\$ 1,859,500	\$ 1,669,596	\$ 1,681,726
<b>Contributions as a Percentage of Covered Payroll</b>	32.70 %	33.80 %	33.82 %	26.28 %	36.79 %	43.26 %	42.70 %	23.41 %	43.65 %	19.30 %

#### Notes to Schedule of Village Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	Five-year smoothed
Inflation	2.5 percent
Salary increase	3.75 percent
Investment rate of return	8.00 percent - Gross of pension plan investment expense, including inflation
Retirement age	60
Mortality	50 percent female/50 percent male RP-2014 Health Annuity Mortality Table (rates multiplied by 105 percent), RP-2014 Employee Mortality Table, and RP-2014 Juvenile Mortality Table. For disabled retirees, RP-2014 Disabled Retiree Mortality Table, 50 percent male and 50 percent female
Other information	None

## Village of Milford, Michigan

### Required Supplemental Information Schedule of Changes in the Village Net Pension Liability and Related Ratios

#### Last Six Fiscal Years

	2020 (Measurement Date 12/31/19)	2019 (Measurement Date 12/31/18)	2018 (Measurement Date 12/31/17)	2017 (Measurement Date 12/31/16)	2016 (Measurement Date 12/31/15)	2015 (Measurement Date 12/31/14)
<b>Total Pension Liability</b>						
Service cost	\$ 201,258	\$ 186,785	\$ 188,093	\$ 197,345	\$ 203,672	\$ 226,020
Interest	1,187,839	1,134,506	1,089,487	1,063,780	999,635	954,422
Differences between expected and actual experience	(305,061)	182,036	96,908	(183,062)	17,709	-
Changes in assumptions	517,427	-	-	-	634,338	-
Benefit payments, including refunds	(859,344)	(828,459)	(793,697)	(710,495)	(632,995)	(609,472)
<b>Net Change in Total Pension Liability</b>	742,119	674,868	580,791	367,568	1,222,359	570,970
<b>Total Pension Liability - Beginning of year</b>	15,177,035	14,502,167	13,921,376	13,553,808	12,331,449	11,760,479
<b>Total Pension Liability - End of year</b>	<b>\$ 15,919,154</b>	<b>\$ 15,177,035</b>	<b>\$ 14,502,167</b>	<b>\$ 13,921,376</b>	<b>\$ 13,553,808</b>	<b>\$ 12,331,449</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 556,525	\$ 537,134	\$ 485,335	\$ 628,973	\$ 762,140	\$ 397,005
Contributions - Member	71,350	68,279	68,895	70,801	77,541	77,485
Net investment income (loss)	1,476,757	(452,762)	1,381,417	1,085,896	(153,810)	567,005
Administrative expenses	(25,442)	(22,474)	(21,873)	(21,390)	(21,013)	(20,841)
Benefit payments, including refunds	(859,344)	(828,459)	(793,697)	(710,495)	(632,995)	(609,472)
<b>Net Change in Plan Fiduciary Net Position</b>	1,219,846	(698,282)	1,120,077	1,053,785	31,863	411,182
<b>Plan Fiduciary Net Position - Beginning of year</b>	10,888,533	11,586,815	10,466,738	9,412,953	9,381,090	8,969,908
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 12,108,379</b>	<b>\$ 10,888,533</b>	<b>\$ 11,586,815</b>	<b>\$ 10,466,738</b>	<b>\$ 9,412,953</b>	<b>\$ 9,381,090</b>
<b>Village's Net Pension Liability - Ending</b>	<b>\$ 3,810,775</b>	<b>\$ 4,288,502</b>	<b>\$ 2,915,352</b>	<b>\$ 3,454,638</b>	<b>\$ 4,140,855</b>	<b>\$ 2,950,359</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	76.06 %	71.74 %	79.90 %	75.18 %	69.45 %	76.07 %
<b>Covered Payroll</b>	\$ 1,740,023	\$ 1,595,515	\$ 1,582,332	\$ 1,658,117	\$ 1,703,094	\$ 1,730,308
<b>Village's Net Pension Liability as a Percentage of Covered Payroll</b>	219.01 %	268.78 %	184.24 %	208.35 %	243.14 %	170.51 %

\*Schedule is being built prospectively from adoption of GASB 68.



## Village of Milford, Michigan

### Required Supplemental Information Schedule of Village OPEB Contributions

**Last Ten Fiscal Years  
Years Ended June 30**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 111,652	\$ 93,933	\$ 110,411	\$ 113,940	\$ 123,396	\$ 134,102
Contributions in relation to the actuarially determined contribution	77,753	73,825	65,596	55,550	370,600	294,360	217,600	201,050	125,915	95,650
<b>Contribution Excess (Deficiency)</b>	<b>\$ 77,753</b>	<b>\$ 73,825</b>	<b>\$ 65,596</b>	<b>\$ 55,550</b>	<b>\$ 258,948</b>	<b>\$ 200,427</b>	<b>\$ 107,189</b>	<b>\$ 87,110</b>	<b>\$ 2,519</b>	<b>\$ (38,452)</b>

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal, based on level percentage of projected salary
Amortization method	Average remaining service of active and inactive plan members, closed
Remaining amortization period	11.9 years
Asset valuation method	Fair market value
Inflation	2.50 percent
Salary increase	3.5 percent
Investment rate of return	7.0 percent
Retirement age	70
Mortality	RP-2014 generational table, back-projected to 2006, then scaled using MP-2018, applied on a gender-specific basis

## Village of Milford, Michigan

### Required Supplemental Information

#### Schedule of Changes in the Village Net OPEB Asset and Related Ratios

	<b>Last Three Fiscal Years</b>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 6,871	\$ 9,165	\$ 9,165
Interest	90,910	97,099	94,812
Differences between expected and actual experience	-	(9,178)	-
Changes in assumptions	(70,980)	(109,556)	-
Benefit payments, including refunds	<u>(77,753)</u>	<u>(73,825)</u>	<u>(65,596)</u>
<b>Net Change in Total OPEB Liability</b>	(50,952)	(86,295)	38,381
<b>Total OPEB Liability - Beginning of year</b>	<u>1,343,963</u>	<u>1,430,258</u>	<u>1,391,877</u>
<b>Total OPEB Liability - End of year</b>	<b><u>\$ 1,293,011</u></b>	<b><u>\$ 1,343,963</u></b>	<b><u>\$ 1,430,258</u></b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 77,753	\$ 73,825	\$ 65,596
Net investment income	38,370	47,165	115,895
Administrative expenses	(3,010)	(3,136)	(3,900)
Benefit payments, including refunds	<u>(77,753)</u>	<u>(73,825)</u>	<u>(65,596)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	35,360	44,029	111,995
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>1,645,003</u>	<u>1,600,974</u>	<u>1,488,979</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 1,680,363</u></b>	<b><u>\$ 1,645,003</u></b>	<b><u>\$ 1,600,974</u></b>
<b>Net OPEB Asset - Ending</b>	<b><u>\$ (387,352)</u></b>	<b><u>\$ (301,040)</u></b>	<b><u>\$ (170,716)</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Asset</b>	123.13 %	122.40 %	111.94 %
<b>Covered Employee Payroll</b>	\$ 2,413,000	\$ 2,331,220	\$ 2,901,000
<b>Net OPEB Asset as a Percentage of Covered Employee Payroll</b>	(13.08)%	(12.91)%	(5.88)%

\*Schedule is being built prospectively from adoption of GASB 75.

## Village of Milford, Michigan

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### Required Supplemental Information Schedule of OPEB Investment Returns

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**Last One Fiscal Year  
Year Ended June 30**

2020

Annual money-weighted rate of return, net of investment expense

2.15 %

This schedule is intended to show information for 10 years. The first year of implementation of GASB 74 was for the year ended June 30, 2020, and additional years' information will be reported as it becomes available.

**Budgetary Information**

The annual budgets are prepared by the village manager and adopted by the Village Council; subsequent amendments are approved by the Village Council. Unexpected appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2020 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budgets for the General Fund and special revenue funds have been prepared in accordance with accounting principles generally accepted in the United States of America.

The budgets have been adopted on a fund-level basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budgets of the General Fund, Police Fund, and Municipal Street Fund, at the activity level, is included in the required supplemental information of the basic financial statements. The budget comparison shown for the General Fund, Police Fund, and Municipal Street Fund is more detailed than the General Appropriations Act. Information in this schedule is presented for the purpose of additional analysis. A comparison of the actual results of operations to the nonmajor special revenue funds budgets, as adopted by the Village Council, is available at the village offices for inspection.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balances is below. This reconciliation illustrates the effects of GASB Statement No. 54 on the General Fund, as funds that were previously considered to be special revenue funds are now included in the General Fund on the fund-based statements.

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Transfers Out</u>
General Fund:			
Amounts per operating statement	\$ 2,200,425	\$ 1,796,408	\$ -
Parking Fund	(79,635)	(30,149)	-
Retiree Health Care Fund	(1,003)	(32,399)	26,400
Amounts per budget statement	<u>\$ 2,119,787</u>	<u>\$ 1,733,860</u>	<u>\$ 26,400</u>

Excess of expenditures over appropriations in budgeted funds - During the year, the Village of Milford, Michigan incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Police Fund - Capital outlay	\$ 15,000	\$ 15,580	\$ (580)

**Pension Information - Changes in Assumptions**

Assumption changes in 2020 (December 31, 2019 measurement date) are the result of a reduction in the investment rate of return assumption from 7.75 percent to 7.35 percent and a change in the assumed rate of wage inflation from 3.75 percent to 3.00 percent.

Assumption changes in 2016 (December 31, 2015 measurement date) are the result of the investment rate of return assumption reduced from 8.25 percent to 8.0 percent.

**OPEB Information - Changes in Assumptions**

Assumption changes in 2020 are the result of a change in the discount rate from 7.00 percent to 7.35 percent. Assumption changes in 2019 are the result of updating the mortality improvement scale from MP-2016 to MP-2018 and a change in the salary scale assumption from 2.0 percent to 3.5 percent.

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## Other Supplemental Information

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**Village of Milford, Michigan**

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

**June 30, 2020**

	Special Revenue Funds					Capital Project Funds		Total
	Major Streets	Local Streets	Drug Law Enforcement	Senior Van	Refuse	Capital Projects	Sidewalk	
<b>Assets</b>								
Cash and cash equivalents	\$ 352,903	\$ 299,029	\$ 3,727	\$ 22,403	\$ 305,693	\$ -	\$ 36,475	\$ 1,020,230
Receivables:								
Accrued interest	975	829	-	-	929	-	-	2,733
Other	1,110	3,331	-	-	-	-	-	4,441
Due from other governments	60,902	24,708	-	-	-	-	-	85,610
Prepaid expenses and other assets	16,954	16,954	-	-	-	-	-	33,908
<b>Total assets</b>	<b>\$ 432,844</b>	<b>\$ 344,851</b>	<b>\$ 3,727</b>	<b>\$ 22,403</b>	<b>\$ 306,622</b>	<b>\$ -</b>	<b>\$ 36,475</b>	<b>\$ 1,146,922</b>
<b>Liabilities - Accounts payable</b>	\$ 17,310	\$ 1,774	\$ -	\$ -	\$ 1,304	\$ -	\$ 11,961	\$ 32,349
<b>Fund Balances</b>								
Nonspendable	16,954	16,954	-	-	-	-	-	33,908
Restricted:								
Roads	398,580	326,123	-	-	-	-	-	724,703
Drug law enforcement	-	-	3,727	-	-	-	-	3,727
Senior van	-	-	-	22,403	-	-	-	22,403
Refuse	-	-	-	-	305,318	-	-	305,318
Assigned - Capital projects	-	-	-	-	-	-	24,514	24,514
<b>Total fund balances</b>	<b>415,534</b>	<b>343,077</b>	<b>3,727</b>	<b>22,403</b>	<b>305,318</b>	<b>-</b>	<b>24,514</b>	<b>1,114,573</b>
<b>Total liabilities and fund balances</b>	<b>\$ 432,844</b>	<b>\$ 344,851</b>	<b>\$ 3,727</b>	<b>\$ 22,403</b>	<b>\$ 306,622</b>	<b>\$ -</b>	<b>\$ 36,475</b>	<b>\$ 1,146,922</b>

**Village of Milford, Michigan**

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

**Year Ended June 30, 2020**

	Special Revenue Funds					Capital Project Funds		Total
	Major Streets	Local Streets	Drug Law Enforcement	Senior Van	Refuse	Capital Projects	Sidewalk	
<b>Revenue</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 520,866	\$ -	\$ -	\$ 520,866
Intergovernmental - State sources - State-shared revenue	436,362	198,724	-	-	1,586	-	-	636,672
Charges for services	-	-	-	-	-	-	17,455	17,455
Fines and forfeitures	-	-	600	-	-	-	-	600
Investment income	-	5,320	-	-	10,662	-	-	15,982
Other revenue - Other miscellaneous income	7,178	3,510	-	-	3,067	-	508	14,263
<b>Total revenue</b>	<b>443,540</b>	<b>207,554</b>	<b>600</b>	<b>-</b>	<b>536,181</b>	<b>-</b>	<b>17,963</b>	<b>1,205,838</b>
<b>Expenditures</b>								
Current services:								
Public safety	-	-	1,000	-	-	-	-	1,000
Public works	303,810	305,282	-	-	496,196	-	40,457	1,145,745
<b>Total expenditures</b>	<b>303,810</b>	<b>305,282</b>	<b>1,000</b>	<b>-</b>	<b>496,196</b>	<b>-</b>	<b>40,457</b>	<b>1,146,745</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>139,730</b>	<b>(97,728)</b>	<b>(400)</b>	<b>-</b>	<b>39,985</b>	<b>-</b>	<b>(22,494)</b>	<b>59,093</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	85,000	-	-	-	-	15,090	100,090
Transfers out	(70,000)	-	-	-	-	(15,090)	-	(85,090)
<b>Total other financing (uses) sources</b>	<b>(70,000)</b>	<b>85,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,090)</b>	<b>15,090</b>	<b>15,000</b>
<b>Net Change in Fund Balances</b>	<b>69,730</b>	<b>(12,728)</b>	<b>(400)</b>	<b>-</b>	<b>39,985</b>	<b>(15,090)</b>	<b>(7,404)</b>	<b>74,093</b>
<b>Fund Balances - Beginning of year</b>	<b>345,804</b>	<b>355,805</b>	<b>4,127</b>	<b>22,403</b>	<b>265,333</b>	<b>15,090</b>	<b>31,918</b>	<b>1,040,480</b>
<b>Fund Balances - End of year</b>	<b>\$ 415,534</b>	<b>\$ 343,077</b>	<b>\$ 3,727</b>	<b>\$ 22,403</b>	<b>\$ 305,318</b>	<b>\$ -</b>	<b>\$ 24,514</b>	<b>\$ 1,114,573</b>