

# **Village of Milford, Michigan**

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**Financial Report  
with Supplemental Information  
June 30, 2017**

# Village of Milford, Michigan

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## Independent Auditor's Report

To the Village Council  
Village of Milford, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2017 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Milford, Michigan as of June 30, 2017 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Council  
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 described 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 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, as identified in the table of contents, 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, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

November 20, 2017

# Village of Milford, Michigan

## Management's Discussion and Analysis

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, 2017. 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 full accrual statements include the statement of net position and the statement of activities, which 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 whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the 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 (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current assets	\$ 5,614	\$ 5,705	\$ 2,245	\$ 1,232	\$ 7,859	\$ 6,937
Capital assets	10,122	9,309	16,040	14,432	26,162	23,741
Other noncurrent assets	686	599	91	76	777	675
Total assets	16,422	15,613	18,376	15,740	34,798	31,353
<b>Deferred Outflows of Resources -</b>						
Deferred outflows related to pensions	834	1,618	71	131	905	1,749
<b>Liabilities</b>						
Current liabilities	560	1,347	715	959	1,275	2,306
Long-term liabilities	3,768	4,407	7,654	5,729	11,422	10,136
Total liabilities	4,328	5,754	8,369	6,688	12,697	12,442
<b>Deferred Inflows of Resources -</b>						
Deferred inflows related to unavailable revenue	126	-	11	-	137	-
<b>Net Position</b>						
Invested in capital assets	9,814	9,060	8,312	8,627	18,126	17,687
Restricted	4,069	3,650	-	-	4,069	3,650
Unrestricted	(1,081)	(1,233)	1,755	556	674	(677)
Total net position	<u>\$ 12,802</u>	<u>\$ 11,477</u>	<u>\$ 10,067</u>	<u>\$ 9,183</u>	<u>\$ 22,869</u>	<u>\$ 20,660</u>

# Village of Milford, Michigan

## Management's Discussion and Analysis (Continued)

As of June 30, 2017, the Village's combined net position increased by 10.69 percent from a year ago, from approximately \$20,660,000 to \$22,869,000. As we look at the governmental-type activities separately from the business-type activities, we can see that governmental-type expenditures decreased by 6.9 percent. Overall, Village governmental revenue decreased by 2.1 percent. Business-type expenses increased 3.2 percent from the prior year and revenue increased 36.5 percent.

The following table shows the changes of net position during the current year (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Net Position - Beginning of year</b>	\$ 11,477	\$ 10,460	\$ 9,183	\$ 9,081	\$ 20,660	\$ 19,541
<b>Revenue</b>						
Program revenue:						
Charges for services	3,649	3,710	3,081	2,337	6,730	6,047
Operating grants and contributions	61	130	-	-	61	130
Capital grants and contributions	390	598	105	1	495	599
General revenue:						
Property taxes	2,021	1,999	-	-	2,021	1,999
State-shared revenue	1,169	985	-	-	1,169	985
Unrestricted investment earnings	50	56	13	6	63	62
Franchise fees	131	129	-	-	131	129
Miscellaneous	310	333	-	-	310	333
Gain on sale of fixed assets	7	19	-	-	7	19
Total revenue	7,788	7,959	3,199	2,344	10,987	10,303
<b>Program Expenses</b>						
General government	414	581	-	-	414	581
Public safety	3,579	3,942	-	-	3,579	3,942
Public works	2,378	2,246	-	-	2,378	2,246
Community and economic development	79	160	-	-	79	160
Interest on long-term debt	13	13	-	-	13	13
Water and sewer	-	-	2,315	2,242	2,315	2,242
Total program expenses	6,463	6,942	2,315	2,242	8,778	9,184
<b>Change in Net Position</b>	1,325	1,017	884	102	2,209	1,119
<b>Net Position - End of year</b>	<u>\$ 12,802</u>	<u>\$ 11,477</u>	<u>\$ 10,067</u>	<u>\$ 9,183</u>	<u>\$ 22,869</u>	<u>\$ 20,660</u>

### Governmental Activities

During the current year, the Village's governmental revenue decreased by approximately \$171,000. This is offset by a decrease in program expenses of \$479,000, leaving a net increase in net position of \$1.3 million. The decrease in expenses from public safety is the primary reason for the net increase in net position.

### Business-type Activities

The Village's business-type activities consist of the activity in the Water and Sewer Fund. Residents receive water from two municipal wells and are provided sewage treatment through a village-owned and operated sewage treatment plant.

# **Village of Milford, Michigan**

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

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In 2016-2017, Village residents used nearly 30,000,000 more gallons of water than in previous years. Weather conditions are a major factor of outside use. While inside use increased by 12 percent, outside use increased by 45 percent. The increase is also reflected in the operating revenue for the Water and Sewer Fund. Taking into account the increase in use and the rates, the fund recognized \$208,000 in operating income, net of depreciation. This is in contrast to the operating loss of \$398,000 that the fund experienced last fiscal year. In addition, the Village earned approximately \$12,500 in investment income, which is used for operating expenses. Connection fees, which have been flat for the last few years, saw an increase of 170 percent due to commercial development. These fees are reserved for capital needs.

### **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 2016-2017 include the General Fund, the Municipal Street Fund, and the Police Fund.

In 2017, the General Fund saw an increase in revenue of approximately \$143,000. The increase relates to property taxes, licenses and permits, state-shared revenue, and other miscellaneous income. Expenditures increased slightly compared to the prior year, increasing by approximately \$36,000. While expenditures were slightly higher than the previous year, the General Fund expended less than it budgeted by \$143,000.

Total revenue in the Police Fund grew slightly by approximately \$4,400 from last year. Expenditures decreased from the prior year, totaling a decrease of approximately \$566,000. A reduction in fringe benefits and capital outlay accounts for the majority of the decrease.

The Municipal Street Fund was started in fiscal year 2013-2014 with a dedicated millage to repair Village streets. In spring of 2016, work began on the restoration of Commerce Road. This resulted in total expenses in the fund growing approximately \$500,000 from fiscal year 2014-2015, and as of June 30, 2016, the fund deficit was \$218,485. As restoration of Commerce Road slowed down in fiscal year 2016-2017, expenses decreased by approximately \$561,000. As of June 30, 2017, the fund balance is \$34,107.

# **Village of Milford, Michigan**

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

### **General Fund Budgetary Highlights**

General Fund revenue reflects a moderate increase from the previous year. Licenses and permits increased by 17.5 percent, state revenue increased by 5.9 percent, and charges for services to external parties increased by 17.5 percent. Revenue from federal grants decreased due to the Village not being able to utilize the Community Development Block Grant Fund (CDBG).

### **Capital Asset and Debt Administration**

During fiscal year 2016-2017, the Village added approximately \$3.77 million to its investment in capital assets. Total assets, net of depreciation, which includes buildings, public works, police equipment, streets, sidewalks, parking lots, bridges, and water and sewer systems, is \$26,162,427. Of that amount, \$8,966,611 is invested in construction in progress (CIP). The majority of CIP is comprised of the Commerce Road project and the Wastewater Treatment Plant (WWTP) renovation. Total costs incurred for both are approximately \$8,000,000. The WWTP project is slated to be finished in the fall of 2018 and is being funded by a 20-year bond issued by the State of Michigan.

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

For the fourth year in a row, the Village is rolling back its millage rates due to the Headlee Amendment. Although taxable values have increased, the Village has budgeted a 2 percent increase in tax revenue for the 2017-2018 fiscal year. The rate for property taxes is based on 3.3000 mills with an additional 1.9000 mills levied for refuse and 3.3065 levied for roads. This is the fifth year of a voter-approved 20-year millage for roads. The first 10 years are 3.500 mills, the second 10 years are 1.000 mill. The Downtown Development Authority levies an additional 1.6751 mills in its district.

Effective July 1, 2017, rates for water and wastewater use saw a slight decrease while base rates increased by 19 percent. The primary reason is to provide funding for current and future capital needs for the water/sewer system. Funding for operations and maintenance increased by \$0.10 (per thousand gallons) for water and \$0.26 (per thousand gallons) for sewer. Debt charges for water went down by \$0.43 as one of the water bonds was paid off while another is due to retire in fiscal year 2017-2018. Base fees went from \$70.00 per quarter to \$82.80. These fees are based on meter size.

### **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 to show 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, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 5,155,637	\$ 1,175,796	\$ 6,331,433	\$ 140,183
Receivables:				
Customer	103,034	1,068,722	1,171,756	4,178
Accrued interest	4,827	-	4,827	-
Other	15,735	-	15,735	-
Due from other governmental units	184,065	-	184,065	-
Capital lease	60,006	-	60,006	-
Prepaid expenses and other assets	69,416	-	69,416	-
Restricted assets (Note 1)	21,520	-	21,520	-
Net other postemployment benefit asset (Note 10)	686,165	90,950	777,115	-
Capital assets (Note 4):				
Assets not subject to depreciation	3,033,435	5,962,863	8,996,298	972,694
Assets subject to depreciation	7,089,014	10,077,116	17,166,130	427,166
Total assets	16,422,854	18,375,447	34,798,301	1,544,221
<b>Deferred Outflows of Resources -</b>				
Deferred outflows related to pensions (Note 8)	834,169	70,583	904,752	-
<b>Liabilities</b>				
Accounts payable	182,710	275,269	457,979	5,156
Accrued liabilities and other	84,661	58,116	142,777	10,244
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	280,414	22,845	303,259	-
Current portion of long-term debt (Note 6)	13,000	359,000	372,000	153,000
Due in more than one year:				
Compensated absences (Note 6)	84,750	16,977	101,727	-
Landfill closure and postclosure care	200,000	-	200,000	-
Net pension liability (Note 8)	3,188,125	266,513	3,454,638	-
Long-term debt (Note 6)	295,017	7,369,542	7,664,559	654,205
Total liabilities	4,328,677	8,368,262	12,696,939	822,605
<b>Deferred Inflows of Resources - Related to pensions (Note 8)</b>	126,027	11,270	137,297	-
<b>Net Position</b>				
Net investment in capital assets	9,814,432	8,311,437	18,125,869	592,655
Restricted for:				
Streets and highways	571,055	-	571,055	-
Police operations	3,081,364	-	3,081,364	-
Drug law enforcement	31,478	-	31,478	-
PEG fees	23,073	-	23,073	-
Transportation - Senior van	22,402	-	22,402	-
Skate park	21,520	-	21,520	-
Refuse	318,418	-	318,418	-
Unrestricted	(1,081,423)	1,755,061	673,638	128,961
Total net position	\$ 12,802,319	\$ 10,066,498	\$ 22,868,817	\$ 721,616

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Village of Milford, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 414,313	\$ 179,242	\$ -	\$ -
Public safety	3,578,818	3,421,414	9,023	-
Public works	2,377,587	-	21,140	389,890
Community and economic development	79,196	47,912	31,175	-
Interest on long-term debt	13,008	-	-	-
Total governmental activities	6,462,922	3,648,568	61,338	389,890
Business-type activities	2,315,130	3,081,460	-	104,852
Total primary government	<u>\$ 8,778,052</u>	<u>\$ 6,730,028</u>	<u>\$ 61,338</u>	<u>\$ 494,742</u>
Component units:				
Downtown Development Authority	\$ 386,095	\$ 5,283	\$ 30	\$ -
Brownfield Redevelopment Authority	2,320	-	-	-
Total component units:	<u>\$ 388,415</u>	<u>\$ 5,283</u>	<u>\$ 30</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

## Statement of Activities Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (235,071)	\$ -	\$ (235,071)	\$ -
(148,381)	-	(148,381)	-
(1,966,557)	-	(1,966,557)	-
(109)	-	(109)	-
(13,008)	-	(13,008)	-
(2,363,126)	-	(2,363,126)	-
-	871,182	871,182	-
(2,363,126)	871,182	(1,491,944)	-
-	-	-	(380,782)
-	-	-	(2,320)
-	-	-	(383,102)
2,020,931	-	2,020,931	397,275
1,168,727	-	1,168,727	10,819
50,251	12,563	62,814	6,513
131,353	-	131,353	-
309,775	-	309,775	19,038
7,467	-	7,467	-
3,688,504	12,563	3,701,067	433,645
1,325,378	883,745	2,209,123	50,543
11,476,941	9,182,753	20,659,694	671,073
<b>\$ 12,802,319</b>	<b>\$ 10,066,498</b>	<b>\$ 22,868,817</b>	<b>\$ 721,616</b>

# Village of Milford, Michigan

## Governmental Funds Balance Sheet June 30, 2017

	General Fund	Police Fund	Municipal Street Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,368,126	\$ 3,166,037	\$ 34,419	\$ 587,055	\$ 5,155,637
Receivables:					
Capital lease	60,006	-	-	-	60,006
Customer	101,029	-	-	2,005	103,034
Accrued interest receivable	538	-	-	4,289	4,827
Other receivables	3,537	12,198	-	-	15,735
Due from other governmental units	95,321	-	-	88,744	184,065
Prepaid expenses and other assets	39,888	-	-	29,528	69,416
Restricted assets	21,520	-	-	-	21,520
<b>Total assets</b>	<b>\$ 1,689,965</b>	<b>\$ 3,178,235</b>	<b>\$ 34,419</b>	<b>\$ 711,621</b>	<b>\$ 5,614,240</b>
<b>Liabilities</b>					
Accounts payable	\$ 69,409	\$ 46,364	\$ 312	\$ 66,625	\$ 182,710
Accrued liabilities and other	28,946	50,507	-	-	79,453
<b>Total liabilities</b>	<b>98,355</b>	<b>96,871</b>	<b>312</b>	<b>66,625</b>	<b>262,163</b>
<b>Deferred Inflows of Resources -</b>					
Unavailable revenue	104,677	-	-	-	104,677
<b>Fund Balances</b>					
Nonspendable - Prepaids	39,888	-	-	29,528	69,416
Restricted:					
Roads	-	-	34,107	507,420	541,527
Police operations	-	3,081,364	-	-	3,081,364
Drug law enforcement	-	-	-	31,478	31,478
PEG fees	23,073	-	-	-	23,073
Senior van	-	-	-	22,402	22,402
Skate park	21,520	-	-	-	21,520
Refuse	318,418	-	-	-	318,418
Assigned:					
Retiree health care	60,167	-	-	-	60,167
Parking	174,734	-	-	-	174,734
Capital projects	-	-	-	54,168	54,168
Unassigned	849,133	-	-	-	849,133
<b>Total fund balances</b>	<b>1,486,933</b>	<b>3,081,364</b>	<b>34,107</b>	<b>644,996</b>	<b>5,247,400</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,689,965</b>	<b>\$ 3,178,235</b>	<b>\$ 34,419</b>	<b>\$ 711,621</b>	<b>\$ 5,614,240</b>

# Village of Milford, Michigan

## **Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2017**

<b>Fund Balance Reported in Governmental Funds</b>	<b>\$ 5,247,400</b>
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	10,122,449
Long-term receivables are not available in the current period and are not available to pay for current year expenditures	60,006
Receivables not collected within 60 days of year end are not considered available in the modified accrual statements	44,671
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(308,017)
Interest amounts on long-term liabilities are not payable until due in the funds	(5,208)
Accumulated employee sick and vacation liabilities are not due and payable in the current period and are not reported in the funds	(365,164)
Liability recorded in response to potential environmental remediation	(200,000)
Deferred outflows of resources - pension difference between projected and actual investment earnings, changes in assumptions, difference between expected and actual experience, and contributions made to the plan after the measurement date	834,169
Deferred inflows of resources - pension difference between projected and actual experience	(126,027)
Net pension liability not recorded in the modified accrual statement	(3,188,125)
Net other postemployment benefit asset not recorded in the modified accrual statement	686,165
<b>Net Position of Governmental Activities</b>	<b><u>\$ 12,802,319</u></b>

# Village of Milford, Michigan

## Governmental Funds

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

### Year Ended June 30, 2017

	General Fund	Police Fund	Municipal Street Fund	Nonmajor Governmental Funds	Total
<b>Revenue</b>					
Property taxes	\$ 1,271,153	\$ -	\$ 749,778	\$ -	\$ 2,020,931
Licenses and permits	116,376	-	-	-	116,376
Federal grants	-	-	-	21,140	21,140
State sources	535,747	138,195	-	498,719	1,172,661
Charges for services to external parties	211,054	3,294,501	-	-	3,505,555
Fines and forfeitures	20,013	-	-	650	20,663
Investment income	28,319	17,880	2,369	1,683	50,251
Other revenue:					
Special assessments	27,241	-	-	-	27,241
Local donations	-	100	-	-	100
Cable franchise fees	131,353	-	-	-	131,353
Other miscellaneous income	228,516	37,775	65,112	4,649	336,052
<b>Total revenue</b>	<b>2,569,772</b>	<b>3,488,451</b>	<b>817,259</b>	<b>526,841</b>	<b>7,402,323</b>
<b>Expenditures</b>					
Current:					
General government	601,159	-	-	-	601,159
Public safety	122,127	3,250,260	-	16,387	3,388,774
Public works	1,370,398	-	564,667	678,952	2,614,017
Community and economic development	25,957	-	-	43,335	69,292
Capital outlay	-	3,753	-	-	3,753
Debt service:					
Principal	13,110	-	-	-	13,110
Interest on long-term debt	13,179	-	-	-	13,179
<b>Total expenditures</b>	<b>2,145,930</b>	<b>3,254,013</b>	<b>564,667</b>	<b>738,674</b>	<b>6,703,284</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>423,842</b>	<b>234,438</b>	<b>252,592</b>	<b>(211,833)</b>	<b>699,039</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 5)	-	-	-	232,700	232,700
Transfers out (Note 5)	(232,700)	-	-	-	(232,700)
<b>Net Change in Fund Balances</b>	<b>191,142</b>	<b>234,438</b>	<b>252,592</b>	<b>20,867</b>	<b>699,039</b>
<b>Fund Balances - Beginning of year</b>	<b>1,295,791</b>	<b>2,846,926</b>	<b>(218,485)</b>	<b>624,129</b>	<b>4,548,361</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,486,933</b>	<b>\$ 3,081,364</b>	<b>\$ 34,107</b>	<b>\$ 644,996</b>	<b>\$ 5,247,400</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Village of Milford, Michigan

## **Governmental Funds** **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances of Governmental Funds** **to the Statement of Activities** **Year Ended June 30, 2017**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 699,039</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 expenditures	1,420,438
Depreciation	(607,025)
Revenue is not reported in the funds until collected or collectible within 60 days of year end	(3,913)
Change in deferred inflows/outflows related to pension is recorded when incurred in the statement of activities	(910,183)
Change in accrued interest payable and other	172
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	13,110
Net change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(17,396)
Change in net pension liability	643,794
Change in net other postemployment benefits asset	87,342
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,325,378</u></b>

# Village of Milford, Michigan

## Proprietary Fund Statement of Net Position June 30, 2017

	Enterprise Fund - Water and Sewer
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,175,796
Receivables from sales to customers on account	1,068,722
Total current assets	2,244,518
Noncurrent assets:	
Net OPEB asset (Note 10)	90,950
Assets not subject to depreciation (Note 4)	5,962,863
Assets subject to depreciation (Note 4)	10,077,116
Total noncurrent assets	16,130,929
Total assets	18,375,447
<b>Deferred Outflows of Resources</b> - Deferred outflows related to pensions (Note 8)	70,583
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	275,269
Accrued liabilities and other	58,116
Compensated absences (Note 6)	22,845
Current portion of long-term debt (Note 6)	359,000
Total current liabilities	715,230
Noncurrent liabilities:	
Compensated absences (Note 6)	16,977
Net pension liability (Note 8)	266,513
Long-term debt (Note 6)	7,369,542
Total noncurrent liabilities	7,653,032
Total liabilities	8,368,262
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions (Note 8)	11,270
<b>Net Position</b>	
Net investment in capital assets	8,311,437
Unrestricted	1,755,061
Total net position	<b>\$ 10,066,498</b>



# Village of Milford, Michigan

## Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2017

	Enterprise Fund - Water and Sewer
<b>Operating Revenue</b>	
Water and sewer billings	\$ 2,321,660
Miscellaneous	11,576
Total operating revenue	2,333,236
<b>Operating Expenses</b>	
Salaries and wages	691,002
Benefits	152,485
Operating supplies	94,309
Utilities	169,201
Equipment rental	22,262
Consulting	10,610
Contracted services	80,206
Maintenance	91,939
Insurance	36,166
Data processing	12,525
Miscellaneous	19,863
Depreciation	744,553
Total operating expenses	2,125,121
<b>Operating Income</b>	208,115
<b>Nonoperating Revenue (Expenses)</b>	
Investment income	12,563
Interest expense	(190,009)
Connection fees	266,700
Water and sewer debt charges	481,524
Total nonoperating revenue	570,778
<b>Income - Before contributions</b>	778,893
<b>Capital Contributions</b>	
Capital grants	4,852
Other capital contributions	100,000
Total capital contributions	104,852
<b>Change in Net Position</b>	883,745
<b>Net Position - Beginning of year</b>	9,182,753
<b>Net Position - End of year</b>	<u><u>\$ 10,066,498</u></u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Village of Milford, Michigan

## Proprietary Fund Statement of Cash Flows Year Ended June 30, 2017

	Enterprise Fund - Water and Sewer
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 2,079,478
Payments to suppliers	(691,822)
Payments to employees	(886,880)
Net cash provided by operating activities	500,776
<b>Cash Flows from Capital and Related Financing Activities</b>	
Receipt of capital grants	4,852
Purchase of capital assets	(2,352,523)
Principal and interest paid on capital debt	(588,891)
Debt service charge	481,524
Connection fees	366,700
Proceeds from debt issuance	2,332,649
Net cash provided by capital and related financing activities	244,311
<b>Cash Flows from Investing Activities - Interest received on investments</b>	12,563
<b>Net Increase in Cash and Cash Equivalents</b>	757,650
<b>Cash and Cash Equivalents - Beginning of year</b>	418,146
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,175,796</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents - Cash and investments</b>	<b>\$ 1,175,796</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 208,115
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	744,553
Changes in assets and liabilities:	
Receivables	(253,758)
Accounts payable	(188,611)
Accrued and other liabilities	(9,523)
Net cash provided by operating activities	<b>\$ 500,776</b>

# Village of Milford, Michigan

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## **Fiduciary Fund Statement of Assets and Liabilities June 30, 2017**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and Cash equivalents	\$ 214,086
Receivables	<u>10,286</u>
Total assets	<u><b>\$ 224,372</b></u>
<b>Liabilities</b> - Refundable deposits, bonds, etc.	<u><b>\$ 224,372</b></u>

# Village of Milford, Michigan

## Component Units Statement of Net Position June 30, 2017

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 137,577	\$ 2,606	\$ 140,183
Receivables	4,178	-	4,178
Capital assets:			
Assets not subject to depreciation	972,694	-	972,694
Assets subject to depreciation	427,166	-	427,166
Total assets	1,541,615	2,606	1,544,221
<b>Liabilities</b>			
Accounts payable	5,156	-	5,156
Accrued liabilities and other:			
Accrued salaries and wages	1,645	-	1,645
Accrued interest payable	8,022	-	8,022
Accrued other	577	-	577
Long-term debt due within one year	153,000	-	153,000
Long-term debt due in more than one year	654,205	-	654,205
Total liabilities	822,605	-	822,605
<b>Net Position</b>			
Net investment in capital assets	592,655	-	592,655
Unrestricted	126,355	2,606	128,961
Total net position	<u>\$ 719,010</u>	<u>\$ 2,606</u>	<u>\$ 721,616</u>

# Village of Milford, Michigan

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions Capital Grants and Contributions
Downtown Development Authority:			
Community and economic development	\$ 349,388	\$ 5,283	\$ 30
Debt service	36,707	-	-
Total governmental activities	386,095	5,283	30
Brownfield Redevelopment Authority	2,320	-	-
Total component units	<b>\$ 388,415</b>	<b>\$ 5,283</b>	<b>\$ 30</b>
General revenue:			
Property taxes			
State-shared revenue			
Investment income			
Other miscellaneous income			
Total general revenue			
<b>Change in Net Position</b>			
<b>Net Position - Beginning of year</b>			
<b>Net Position - End of year</b>			

**Component Units  
Statement of Activities  
Year Ended June 30, 2017**

Net (Expense) Revenue and Changes in Net Assets		
Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ (344,075)	\$ -	\$ (344,075)
(36,707)	-	(36,707)
(380,782)	-	(380,782)
-	(2,320)	(2,320)
(380,782)	(2,320)	(383,102)
396,883	392	397,275
10,819	-	10,819
6,513	-	6,513
19,038	-	19,038
433,253	392	433,645
52,471	(1,928)	50,543
666,539	4,534	671,073
<b>\$ 719,010</b>	<b>\$ 2,606</b>	<b>\$ 721,616</b>

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### **Note I - Nature of Business and Summary of Significant Accounting Policies**

The accounting policies of the Village of Milford, Michigan (the "Village") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Milford, Michigan:

#### **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. 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 following 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's Council. In addition, the Authority's budget is subject to approval by the Village's 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's Council. In addition, the Authority's budget is subject to approval by the Village's Council.

#### **Accounting and Reporting Principles**

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 Government Accounting Standards Board.

### **Note I - Nature of Business and Summary of 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.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule 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 government has spent its resources.



### **Note I - Nature of Business and Summary of Significant Accounting Policies (Continued)**

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 healthcare-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 "deferred inflows."

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.

#### **Fund Accounting**

The Village accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

**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 general 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.

### **Note I - Nature of Business and Summary of Significant Accounting Policies (Continued)**

- The Municipal Streets 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** 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 fund as a “major” enterprise fund:

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

**Fiduciary funds** include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the agency fund. The agency fund is used to account for assets held by the Village in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**Interfund Activity** - During the course of operations, the government 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.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In 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.

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note I - Nature of Business and Summary of Significant Accounting Policies (Continued)

#### 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 Assets** - Restricted assets consist of cash and cash equivalents in the amount of \$21,520 in the General Fund. These assets represent monies raised for the construction of the skate park.

**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:

Capital Asset Class	Lives
Building	25 to 50 years
Equipment and machinery	3 to 15 years
Furniture	10 years
Vehicles	3 to 10 years
Land improvements	10 to 20 years
Treatment plant/iron removal plant	5 to 50 years
Water lines	10 to 50 years
Sewer system	50 years
Streets, sidewalks, and bridges	20 to 40 years

### **Note I - Nature of Business and Summary of 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 life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and Water and Sewer Fund are generally used to liquidate governmental long-term debt.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet 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 a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements and the Water and Sewer Fund. The deferred outflows of resources result from four transactions: contributions to the defined benefit pension 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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has two items that qualify for reporting in this category: deferred inflows of resources related to unavailable revenue and deferred inflows of resources related to the defined benefit pension plan. Unavailable revenue is reported only in the governmental funds balance sheet. Deferred inflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements and the Water and Sewer Fund. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **Note I - Nature of Business and Summary of Significant Accounting Policies (Continued)**

#### **Net Position Flow Assumption**

Sometimes the government will 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 government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### **Fund Balance Flow Assumption**

Sometimes the government will 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 government'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 government 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 government's highest level of decision-making authority. The Village Council is the highest level of decision-making authority for the government 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.

### **Note I - Nature of Business and Summary of Significant Accounting Policies (Continued)**

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

The 2016 taxable valuation of the Village totaled \$243.2 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 3.3677 mills for operating purposes, 2.35 mills for refuse collection, and 3.3744 mills for roads. This resulted in \$751,000 for operating, \$524,000 for refuse collection, and \$752,000 for street improvements. These amounts are recognized in the General Fund financial statements as tax revenue.

**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 healthcare benefits to retirees. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Village reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)

**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 and the Water and Sewer Fund.

**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 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 surplus or shortfall generated since July 1, 2000 is as follows:

Shortfall at July 1, 2016		\$	(560,960)
Current year permit revenue			133,440
Related expenses:			
Construction code direct expenses	\$	123,077	
Construction code indirect expenses		<u>16,164</u>	<u>139,241</u>
Current year shortfall			<u>(5,801)</u>
Cumulative shortfall at June 30, 2017		\$	<u>(566,761)</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 which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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, except that agency funds investment earnings are allocated to the General Fund.

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 seven 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 investment policies 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 \$2,572,030 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.



# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### 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 investment:

Investment	Fair Value	Weighted Average Maturity
<b>Primary Government -</b>		
Oakland County Investment Pool	<u>\$ 1,873,960</u>	1.77 years

**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 year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Comerica J Fund	\$ 55,238	Unrated	N/A
Oakland County Investment Pool	1,873,960	Unrated	N/A
MBIA Class	203,424	AAAm	S&P

**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.

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

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

The Village has the following recurring fair value measurements as of June 30, 2017:

#### Assets Measured at Fair Value on a Recurring Basis

		Fair Value Measurement Using		
		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, 2017			
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Michigan CLASS Investpool	\$ 203,424			
Oakland County Local Government Investment Pool	<u>1,873,960</u>			
Total investments measured at fair value	\$ 2,077,384			

#### 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 the year ended June 30, 2017, 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	\$ 203,424	\$ -	N/A	None
Oakland County Local Government Investment Pool	<u>1,873,960</u>	<u>-</u>	N/A	None
Total investments measured at NAV	<u>\$ 2,077,384</u>	<u>\$ -</u>		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high grade commercial paper (rated "A 1" 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.

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### 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 fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

### Note 4 - Capital Assets

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

	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 341,660	\$ -	\$ -	\$ 341,660
Construction in progress	1,703,554	988,221	-	2,691,775
Subtotal	2,045,214	988,221	-	3,033,435
Capital assets being depreciated:				
Equipment	2,312,968	68,606	(18,939)	2,362,635
Furniture	37,324	4,337	-	41,661
Streets, sidewalks, and bridges	18,750,999	16,248	-	18,767,247
Vehicles	881,543	69,904	(29,942)	921,505
Land improvements	499,535	-	-	499,535
Building	2,560,922	273,122	-	2,834,044
Subtotal	25,043,291	432,217	(48,881)	25,426,627
Accumulated depreciation:				
Equipment	1,547,214	90,752	(18,939)	1,619,027
Furniture	11,500	1,971	-	13,471
Streets, sidewalks, and bridges	13,773,690	349,537	-	14,123,227
Vehicles	638,375	60,972	(29,942)	669,405
Land improvements	385,228	27,665	-	412,893
Buildings	1,423,463	76,128	-	1,499,591
Subtotal	17,779,470	607,025	(48,881)	18,337,614
Net capital assets being depreciated	7,263,821	(174,808)	-	7,089,013
Net capital assets	\$ 9,309,035	\$ 813,413	\$ -	\$ 10,122,448

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 4 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Capital assets not being depreciated - Construction in progress	\$ 3,772,881	\$ 2,189,982	\$ -	\$ 5,962,863
Capital assets being depreciated:				
Treatment plant	8,532,014	-	-	8,532,014
Water lines	11,632,395	39,709	-	11,672,104
Sewer system	4,436,194	-	-	4,436,194
Sewer equipment	1,400,733	88,576	-	1,489,309
Vehicles	195,141	34,257	-	229,398
Iron removal plant	538,149	-	-	538,149
Subtotal	26,734,626	162,542	-	26,897,168
Accumulated depreciation:				
Treatment plant	7,828,197	271,917	-	8,100,114
Water lines	4,595,110	262,456	-	4,857,566
Sewer system	2,057,645	113,465	-	2,171,110
Machinery and equipment	976,737	78,589	-	1,055,326
Vehicles	166,928	8,236	-	175,164
Iron removal plant	450,881	9,891	-	460,772
Subtotal	16,075,498	744,554	-	16,820,052
Net capital assets being depreciated	10,659,128	(582,012)	-	10,077,116
Net capital assets	<u>\$ 14,432,009</u>	<u>\$ 1,607,970</u>	<u>\$ -</u>	<u>\$ 16,039,979</u>
<b>Component Units</b>	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 660,721	\$ -	\$ -	\$ 660,721
Construction in progress	299,307	12,666	-	311,973
Subtotal	960,028	12,666	-	972,694
Capital assets being depreciated:				
Equipment	612,975	-	-	612,975
Furniture	14,500	-	-	14,500
Streets, sidewalks, and bridges	1,157,120	-	-	1,157,120
Buildings	100,000	-	-	100,000
Subtotal	1,884,595	-	-	1,884,595
Accumulated depreciation:				
Equipment	540,228	25,443	-	565,671
Furniture	13,600	300	-	13,900
Streets, sidewalks, and bridges	792,343	57,515	-	849,858
Buildings	26,000	2,000	-	28,000
Subtotal	1,372,171	85,258	-	1,457,429
Net capital assets being depreciated	512,424	(85,258)	-	427,166
Net capital assets	<u>\$ 1,472,452</u>	<u>\$ (72,592)</u>	<u>\$ -</u>	<u>\$ 1,399,860</u>

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 4 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 111,788
Public safety	62,690
Public works	73,106
Streets	349,537
Parking	9,904
Total governmental activities	<u>\$ 607,025</u>
Business-type activities - Water and sewer	<u>\$ 744,554</u>
Component unit activities - DDA	<u>\$ 85,258</u>

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Major Streets Fund	\$ 50,980
	Local Streets Fund	<u>181,720</u>
	Total	<u>\$ 232,700</u>

The transfers from the General Fund into the Local Streets Fund and the Major Streets Fund were for street maintenance.

### Note 6 - Long-term Debt

The Village issues 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 government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Reclassifications</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>							
2010 Capital Improvement Bonds -							
Amount of issue - \$365,000		\$10,500-					
Maturing through 2030	2.75%-4.50%	\$54,500	\$ 321,127	\$ -	\$ 13,110	\$ 308,017	\$ 13,000
Accumulated compensated absences			<u>347,769</u>	<u>26,960</u>	<u>9,565</u>	<u>365,164</u>	<u>280,414</u>
Total governmental activities			<u>\$ 668,896</u>	<u>\$ 26,960</u>	<u>\$ 22,675</u>	<u>\$ 673,181</u>	<u>\$ 293,414</u>

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
1997 Water Supply System - Amount of issue - \$900,000 Maturing through 2017	5.35%-5.50%	\$50,000- \$75,000	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -
1999 Water Supply System - Amount of issue - \$400,000 Maturing through 2018	5.50%	\$25,000- \$45,000	75,000	-	30,000	45,000	45,000
2009 Drinking Water Revolving Fund loan - Amount of issue - \$1,301,602 Maturing through 2029	2.50%	\$65,000- \$100,000	1,115,000	-	75,000	1,040,000	110,000
2001 Water Supply Revenue Bonds - Amount of issue - \$1,905,000 Maturing through 2021	2.50%	\$95,000- \$120,000	675,000	-	105,000	570,000	100,000
2002 Water Supply Revenue Bonds - Amount of issue - \$1,760,000 Maturing through 2022	2.50%	\$89,000- \$110,000	620,000	-	95,000	525,000	75,000
2010 Capital Improvement Bond - Amount of issue - \$810,000 Maturing through 2030	2.75%-4.50%	\$14,500- \$72,500	708,620	-	29,256	679,364	29,000
2015 State Revolving Fund - Amount of issue - \$8,000,000 Maturing through 2037	2.5%	\$315,000 - \$500,000	2,536,529	2,332,649	-	4,869,178	-
			-	-	-	-	-
Total bonds payable			5,805,149	2,332,649	409,256	7,728,542	359,000
Accumulated compensated absences			48,763	8,941	17,882	39,822	22,845
Total			\$ 5,853,912	\$ 2,341,590	\$ 427,138	\$ 7,768,364	\$ 381,845
<b>Component Unit Activities</b>							
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2012 Downtown Development Refunding Bonds - Amount of issue - \$870,000 Maturing 2018	.90%-2.40%	\$140,000- \$155,000	\$ 300,000	\$ -	\$ 155,000	\$ 145,000	\$ 145,000
2010 Capital Improvement Bond - Amount of issue - \$225,000 Maturing 2018			195,160	-	7,955	187,205	8,000
2015 DDA Bonds Debt Retirement - Amount of issue - \$475,000 Maturing 2025	4.7%	\$67,000 - \$68,000	475,000	-	-	475,000	-
			-	-	-	-	-
Total			\$ 970,160	\$ -	\$ 162,955	\$ 807,205	\$ 153,000

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 6 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$240,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 13,000	\$ 12,630	\$ 25,630	\$ 359,000	\$ 244,277	\$ 603,277	\$ 153,000	\$ 37,335	\$ 190,335
2019	19,500	12,036	31,536	643,500	331,197	974,697	12,000	29,732	41,732
2020	19,500	11,281	30,781	663,500	311,843	975,343	79,000	27,693	106,693
2021	19,500	10,501	30,001	678,500	291,345	969,845	80,000	24,040	104,040
2022	19,500	9,716	29,216	563,490	270,717	834,207	80,000	20,361	100,361
2023-2027	117,000	35,256	152,256	2,478,388	250,970	2,729,358	344,000	47,264	391,264
2028-2032	100,017	6,581	106,598	2,342,164	235,213	2,577,377	59,205	4,050	63,255
Total	\$ 308,017	\$ 98,001	\$ 406,018	\$ 7,728,542	\$ 1,935,562	\$ 9,664,104	\$ 807,205	\$ 190,475	\$ 997,680

**Revenue Bond** - The Village has pledged substantially all revenue of the Water and Sewer 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 and sewer system. The remaining principal and interest to be paid on the bonds total \$1,171,375. The remaining principal and interest to be paid on the drinking water revolving fund loan total \$1,216,875. During the current year, net revenue of the system was \$1,830,268, compared to the annual debt requirements of \$337,000.

### Note 7 - 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 8 - Defined Benefit Pension Plan

**Plan Description** - The Village 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 and is administered by a nine-member retirement board. 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, Michigan 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.

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 non-duty 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 non-duty 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.



### Note 8 - Defined Benefit Pension Plan (Continued)

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.

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 eight years. Employees are eligible for non-duty 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.

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 Village Council, 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, 2016 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	<u>22</u>
Total employees covered by MERS of Michigan	<u><u>56</u></u>

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 8 - Defined Benefit Pension Plan (Continued)

**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 June 30, 2017, the average active employee contribution rate was 4.3 percent of annual pay and the Village's average contribution rate was 37.9 of annual payroll.

#### Net Pension Liability

The net pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

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, 2015</b>	\$ 13,553,808	\$ 9,412,953	\$ 4,140,855
Service cost	197,345	-	197,345
Interest	1,063,780	-	1,063,780
Differences between expected and actual experience	(183,062)	-	(183,062)
Contributions - Employer	-	628,973	(628,973)
Contributions - Employee	-	70,801	(70,801)
Net investment income	-	1,085,896	(1,085,896)
Benefit payments, including refunds	(710,495)	(710,495)	-
Administrative expenses	-	(21,390)	21,390
Net changes	367,568	1,053,785	(686,217)
<b>Balance at December 31, 2016</b>	<u>\$ 13,921,376</u>	<u>\$ 10,466,738</u>	<u>\$ 3,454,638</u>

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 8 - Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2017, the Village recognized pension expense of \$730,778. At June 30, 2017, 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	\$ 8,855	\$ (137,297)
Changes in assumptions	317,169	-
Net difference between projected and actual earnings on pension plan investments	360,562	-
Employer contributions to the plan subsequent to the measurement date	218,166	-
Total	<u>\$ 904,752</u>	<u>\$ (137,297)</u>

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

Years Ending June 30	Amount
2018	\$ 270,816
2019	270,816
2020	74,487
2021	(66,830)

**Actuarial Assumptions** - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %	
Salary increases	3.75 %	In the long term, plus a percentage based on an age-related scale to reflect merit, longevity, and promotional pay increases
Investment rate of return	8.00 %	Net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table, RP 2014 Employee mortality table, and RP-2014 Juvenile mortality table.

### Note 8 - Defined Benefit Pension Plan (Continued)

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study in 2009-2013.

**Discount Rate** - The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer 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.

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, 2016, 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	58 %	5.0 %
Global fixed income	20	2.2
Real assets	12	4.2
Diversifying strategies	10	6.6

The preceding target allocation was amended at January 1, 2017 to reduce the previous allocation to global equity fixed income and to increase the allocation of real assets and diversifying strategies. The target allocation as of January 1, 2017 will be 55.5 percent global equity, 18.5 percent global fixed income, 13.5 percent real assets, and 12.5 percent diversifying strategies.

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 8 - Defined Benefit Pension Plan (Continued)

**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 8.00 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the Village	\$ 5,213,833	\$ 3,454,638	\$ 1,987,142

**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 pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report 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 and is 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.

### Note 9 - 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 \$124,270 and employees contributed \$31,818 during the current year.

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Other Postemployment Benefits

**Plan Description** - The Village provides retiree healthcare benefits to all full-time employees upon retirement, in accordance with labor contracts. The plan is an agent multiple-employer defined benefit plan administered by MERS of Michigan. Currently, 15 retirees are eligible for a monthly stipend. For the government-wide statements and proprietary funds, the Village reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

**Funding Policy** - The collective bargaining agreements require a payment of the insurance premium, which ranges from \$345 to \$625 per month for all participants. In 2016, payment of current premiums amounted to \$55,550. The Village has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

**Funding Progress** - The Village has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2017. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of time not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ -
Interest on the prior year's net OPEB asset	47,205
Adjustment to the annual required contribution	-
Annual OPEB cost	47,205
Amounts contributed - Payments of current premiums	55,550
Change in net OPEB asset	102,755
OPEB asset - Beginning of year	674,360
OPEB asset - End of year	\$ 777,115

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB asset for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Asset
6/30/15	6/30/15	\$ 103,566	284.2 %	\$ 421,173
6/30/16	6/30/16	117,413	315.6	674,360
6/30/17	6/30/17	(47,205)	117.6	777,115

# Village of Milford, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) Liability (b-a)	Funded Ratio (Percent) (a/b)	Annual Covered Payroll (c)	UAAL as a percentage of Covered Payroll
6/30/15	\$ 1,005,862	\$ 1,674,669	\$ 668,807	60.1 %	\$ 3,032,976	22.1 %
6/30/16	1,320,930	2,343,878	1,022,948	56.4	3,194,943	32.0
6/30/17	1,449,000	1,392,000	(57,000)	104.1	2,884,095	(2.0)

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

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

In the June 30, 2017 actuarial valuation, the entry age cost method was used. The assumptions included a 7 percent investment rate of return. The Village provides an HRA which consists of a flat rate and is not expected to fluctuate. Therefore, the healthcare trend rate is assumed at 0. The unfunded liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017 was 10.4 years.

### **Note 11 - Contingent Liabilities**

Pursuant to a settlement agreement executed between the Village of Milford, Milford Township, and CSX Transportation (the “railroad company”), and after discussions with the Michigan Department of Environmental Quality (MDEQ), the Village, 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, Township, and 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 6).

At this time, the response activity plan and administrative consent order have been submitted and fully approved by 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 12 - Upcoming Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Village to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). 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, 2018.

In March 2016, the Governmental Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which addresses the recognition and measurement of irrevocable split-interest agreements where the government is a beneficiary of the agreement. This standard will require the Village to recognize on the face of the financial statements any assets, liabilities, and deferred inflows of resources at the inception of the agreement. 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 2017-2018 fiscal year.



### **Note 12 - Upcoming Accounting Pronouncements (Continued)**

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. 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 2018-2019 fiscal year.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. 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 2019-2020 fiscal year.

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). 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 2017-2018 fiscal year.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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 2017-2018 fiscal year.

### Note 12 - Upcoming Accounting Pronouncements (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB 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 previously were 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 are effective for the Village's financial statements for the 2020-2021 fiscal year.

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

As of June 30, 2017, the Police Fund has restricted fund balance of \$3,081,364. Of that amount, \$1,792,681 and \$945,342 have been earmarked for operating expenditures for the fiscal year 2017-2018 and for unfunded liabilities related to pension, respectively.

At June 30, 2017, the Police Fund has fund balance totaling \$3,081,364. The components are as follows:

Restricted but earmarked:

2018 operations	\$ 1,792,681
Unfunded pension liability	945,342
Discretionary police enforcement	<u>343,341</u>
Total	<u>\$ 3,081,364</u>

## **Required Supplemental Information**

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# Village of Milford, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,274,700	\$ 1,274,700	\$ 1,271,153	\$ (3,547)
Licenses and permits	140,000	140,000	116,376	(23,624)
Federal grants	13,815	13,815	-	(13,815)
State sources	525,615	525,615	535,747	10,132
Charges for services to external parties	141,000	141,000	168,142	27,142
Fines and forfeitures	14,000	14,000	15,013	1,013
Investment income	25,000	25,000	26,849	1,849
Other revenue:				
Cable franchise fees	127,000	127,000	131,353	4,353
Other miscellaneous income	102,200	177,200	227,524	50,324
Total revenue	2,363,330	2,438,330	2,492,157	53,827
<b>Expenditures</b>				
Current:				
General government:				
Council	9,200	9,200	9,184	16
Manager	92,665	91,265	89,526	1,739
General administration	93,127	93,127	91,565	1,562
Data processing	25,400	33,180	28,179	5,001
Treasurer	130,789	130,789	122,652	8,137
Clerk	94,985	94,985	78,253	16,732
Legal	60,000	45,000	34,233	10,767
Zoning Board of Appeals	17,988	17,988	16,277	1,711
Planning Commission	47,721	47,721	52,137	(4,416)
Civic center	53,654	53,654	52,599	1,055
Ordinance enforcement	23,300	21,300	15,070	6,230
CDBG	13,815	13,815	-	13,815
Total general government	662,644	652,024	589,675	62,349
Public safety - Building inspection	133,796	133,796	123,077	10,719
Public works:				
Department of Public Works	370,966	370,966	310,477	60,489
Sanitation	448,071	448,071	466,780	(18,709)
Landfill	15,000	15,000	11,139	3,861
Street maintenance	60,600	60,600	61,275	(675)
Fleet maintenance	185,548	185,548	187,518	(1,970)
Parks and recreation	201,336	356,336	329,677	26,659
Total public works	1,281,521	1,436,521	1,366,866	69,655
Debt service	26,289	26,289	26,289	-
Total expenditures	2,104,250	2,248,630	2,105,907	142,723
<b>Other Financing Uses - Transfers out</b>	(309,080)	(254,700)	(248,700)	6,000
<b>Net Change in Fund Balance</b>	(50,000)	(65,000)	137,550	202,550
<b>Fund Balance - Beginning of year</b>	1,116,568	1,116,568	1,116,568	-
<b>Fund Balance - End of year</b>	<u>\$ 1,066,568</u>	<u>\$ 1,051,568</u>	<u>\$ 1,254,118</u>	<u>\$ 202,550</u>

The Village's budget was adopted on a fund basis. The budget comparison shown above for the General Fund is more detailed than the General Appropriations Act. Information in this schedule is presented for the purpose of additional analysis.

# Village of Milford, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Police Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ -	\$ -	\$ 138,195	\$ 138,195
Charges for services	3,282,500	3,282,500	3,294,501	12,001
Investment income	6,000	6,000	17,880	11,880
Other revenue	13,500	13,500	37,875	24,375
Total revenue	3,302,000	3,302,000	3,488,451	186,451
<b>Expenditures - Current</b>				
Public safety	3,503,006	3,458,856	3,250,260	208,596
Capital outlay	5,000	5,000	3,753	1,247
Total expenditures	3,508,006	3,463,856	3,254,013	209,843
<b>Net Change in Fund Balance</b>	(206,006)	(161,856)	234,438	396,294
<b>Fund Balance - Beginning of year</b>	2,846,926	2,846,926	2,846,926	-
<b>Fund Balance - End of year</b>	<b>\$ 2,640,920</b>	<b>\$ 2,685,070</b>	<b>\$ 3,081,364</b>	<b>\$ 396,294</b>

The Village's budget was adopted on a fund basis. The budget comparison shown above for the Police Fund is more detailed than the General Appropriations Act. Information in this schedule is presented for the purpose of additional analysis.

# Village of Milford, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Municipal Street Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 752,000	\$ 752,000	\$ 749,778	\$ (2,222)
Investment income	3,500	3,500	2,369	(1,131)
Other revenue - Other miscellaneous income	65,250	65,250	65,112	(138)
Total revenue	820,750	820,750	817,259	(3,491)
<b>Expenditures</b> - Current - Public works	820,750	465,768	564,667	(98,899)
<b>Net Change in Fund Balance</b>	-	354,982	252,592	(102,390)
<b>Fund Balance</b> - Beginning of year	-	(218,485)	(218,485)	-
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ 136,497</u>	<u>\$ 34,107</u>	<u>\$ (102,390)</u>

# Village of Milford, Michigan

## Note to Required Supplemental Information Year Ended June 30, 2017

**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, 2017 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 and Police Fund, at the activity level, is included in the required supplemental information of the basic financial statements. 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 balance 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.

		Total	
	<u>Total Revenue</u>	<u>Expenditures</u>	<u>Transfers Out</u>
General Fund:			
Amounts per operating statement	\$ 2,569,772	\$ 2,145,930	\$ 232,700
Parking Fund	(77,416)	(29,489)	-
Retiree Health Care Fund	(199)	(10,534)	16,000
Amounts per budget statement	<u>\$ 2,492,157</u>	<u>\$ 2,105,907</u>	<u>\$ 248,700</u>

# Village of Milford, Michigan

## Required Supplemental Information OPEB System Schedule Year Ended June 30, 2017

The schedule of funding progress is as follows:

Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/15	\$ 1,005,862	\$ 1,674,669	\$ 668,807	60.1 %	\$ 3,032,976	22.1 %
6/30/16	1,320,930	2,343,878	1,022,948	56.4	3,194,943	32.0
6/30/17	1,449,000	1,392,000	(57,000)	104.1	2,884,095	(2.0)

\*The Village used the alternative valuation method for the June 30, 2015 and 2016 valuation dates.

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/15	6/30/15	\$ 103,566	284.3 %
6/30/16	6/30/16	117,414	315.6
6/30/17	6/30/17	-	-

\* The required contribution is expressed to the Village as a percentage of payroll.



# Village of Milford, Michigan

## Required Supplemental Information Schedule of Village Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 435,754	\$ 426,531	\$ 394,285	\$ 398,800	\$ 398,800	\$ 333,352	\$ 328,839	\$ 324,591	\$ 329,400	\$ 316,792
Contributions in relation to the actuarially determined contribution	435,754	626,531	748,478	798,800	798,800	435,252	728,839	324,591	329,400	316,792
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ (200,000)</b>	<b>\$ (354,193)</b>	<b>\$ (400,000)</b>	<b>\$ (400,000)</b>	<b>\$ (101,900)</b>	<b>\$ (400,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 1,699,504</b>	<b>\$ 1,703,094</b>	<b>\$ 1,730,308</b>	<b>\$ 1,870,909</b>	<b>\$ 1,870,909</b>	<b>\$ 1,859,500</b>	<b>\$ 1,669,596</b>	<b>\$ 1,681,726</b>	<b>\$ 1,664,614</b>	<b>\$ 2,056,833</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>25.6 %</b>	<b>36.8 %</b>	<b>43.3 %</b>	<b>23.4 %</b>	<b>23.4 %</b>	<b>43.7 %</b>	<b>19.3 %</b>	<b>19.8 %</b>	<b>15.4 %</b>	<b>18.7 %</b>

### Notes to Schedule of Village 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
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	10-year smoothed
Inflation	3.00 to 4.00 percent
Salary increases	4.50 to 17.50 percent
Investment rate of return	8.00 percent
Retirement age	60
Mortality	1994 Group Annuity Mortality Table
Other information	None

# Village of Milford, Michigan

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

	2017	2016	2015
<b>Total Pension Liability</b>			
Service cost	\$ 197,345	\$ 203,672	\$ 226,020
Interest on TPL	1,063,780	999,635	954,422
Differences between expected and actual experience	(183,062)	17,709	-
Changes in assumptions	-	634,338	-
Benefit payments, including refunds	(710,495)	632,995	609,472
<b>Net Change in Total Pension Liability</b>	367,568	1,222,359	570,970
<b>Total Pension Liability - Beginning of year</b>	13,553,808	12,331,449	11,760,479
<b>Total Pension Liability - End of year</b>	<b>\$ 13,921,376</b>	<b>\$ 13,553,808</b>	<b>\$ 12,331,449</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 628,973	\$ 762,140	\$ 397,005
Contributions - Member	70,801	77,541	77,485
Net investment income	1,085,896	153,810	567,005
Administrative expenses	(21,390)	21,013	20,841
Benefit payments, including refunds	(710,495)	632,995	609,472
<b>Net Change in Plan Fiduciary Net Position</b>	1,053,785	31,863	411,182
<b>Plan Fiduciary Net Position - Beginning of year</b>	9,412,953	9,381,090	8,969,907
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 10,466,738</b>	<b>\$ 9,412,953</b>	<b>\$ 9,381,089</b>
<b>Village's Net Pension Liability - Ending</b>	<b>\$ 3,454,638</b>	<b>\$ 4,140,855</b>	<b>\$ 2,950,360</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	75.18 %	69.45 %	76.07 %
<b>Covered Employee Payroll</b>	\$ 1,658,117	\$ 1,703,094	\$ 1,730,308
<b>Village's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	208.3 %	243.1 %	170.5 %

## **Other Supplemental Information**

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# Village of Milford, Michigan

	Special Revenue Funds			
	Major Streets	Local Streets	Drug Law Enforcement	Senior Van
<b>Assets</b>				
Cash and investments	\$ 206,693	\$ 277,387	\$ 31,478	\$ 18,879
Receivables:				
Receivables from sales to customers on account	-	455	-	-
Accrued interest receivable	355	-	-	3,934
Due from other governmental units	63,210	25,534	-	-
Prepaid expenses and other assets	14,764	14,764	-	-
Total assets	<u>\$ 285,022</u>	<u>\$ 318,140</u>	<u>\$ 31,478</u>	<u>\$ 22,813</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b> - Accounts payable	\$ 59,518	\$ 6,696	\$ -	\$ 411
<b>Fund Balances</b>				
Nonspendable - Prepaids	14,764	14,764	-	-
Restricted:				
Roads	210,740	296,680	-	-
Drug law enforcement	-	-	31,478	-
Senior van	-	-	-	22,402
Assigned - Capital projects	-	-	-	-
Total fund balances	<u>225,504</u>	<u>311,444</u>	<u>31,478</u>	<u>22,402</u>
Total liabilities and fund balances	<u>\$ 285,022</u>	<u>\$ 318,140</u>	<u>\$ 31,478</u>	<u>\$ 22,813</u>

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

Capital Projects Funds			Total Nonmajor Governmental Funds
Capital Improvement Bond Fund	Capital Projects	Sidewalks	
\$ -	\$ 15,090	\$ 37,528	\$ 587,055
-	-	1,550	2,005
-	-	-	4,289
-	-	-	88,744
-	-	-	29,528
<b>\$ -</b>	<b>\$ 15,090</b>	<b>\$ 39,078</b>	<b>\$ 711,621</b>
\$ -	\$ -	\$ -	\$ 66,625
-	-	-	29,528
-	-	-	507,420
-	-	-	31,478
-	-	-	22,402
-	15,090	39,078	54,168
-	15,090	39,078	644,996
<b>\$ -</b>	<b>\$ 15,090</b>	<b>\$ 39,078</b>	<b>\$ 711,621</b>

# Village of Milford, Michigan

	Special Revenue Funds			
	Major Streets	Local Streets	Drug Law Enforcement	Senior Van
<b>Revenue</b>				
Federal grants	\$ -	\$ -	\$ -	\$ -
State sources	326,771	168,014	-	3,934
Fines and forfeitures	-	-	650	-
Investment income	-	1,615	-	68
Other revenue -				
Other miscellaneous income	2,088	2,561	-	-
Total revenue	328,859	172,190	650	4,002
<b>Expenditures - Current</b>				
Public safety	-	-	16,387	-
Highways, streets, and bridges	332,864	261,425	-	-
Community and economic development	-	-	-	43,335
Total expenditures	332,864	261,425	16,387	43,335
<b>Excess of Revenue (Under) Over Expenditures</b>	(4,005)	(89,235)	(15,737)	(39,333)
<b>Other Financing Sources -</b>				
Transfers in	50,980	181,720	-	-
<b>Net Change in Fund Balances</b>	46,975	92,485	(15,737)	(39,333)
<b>Fund Balances - Beginning of year</b>	178,529	218,959	47,215	61,735
<b>Fund Balances - End of year</b>	<b>\$ 225,504</b>	<b>\$ 311,444</b>	<b>\$ 31,478</b>	<b>\$ 22,402</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2017**

Capital Projects Fund			Total Nonmajor Governmental Funds
Capital Improvement Bond Fund	Capital Projects	Sidewalks	
\$ -	\$ -	\$ 21,140	\$ 21,140
-	-	-	498,719
-	-	-	650
-	-	-	1,683
-	-	-	4,649
-	-	21,140	526,841
-	-	-	16,387
72,168	-	12,495	678,952
-	-	-	43,335
72,168	-	12,495	738,674
(72,168)	-	8,645	(211,833)
-	-	-	232,700
(72,168)	-	8,645	20,867
72,168	15,090	30,433	624,129
<u>\$ -</u>	<u>\$ 15,090</u>	<u>\$ 39,078</u>	<u>\$ 644,996</u>