
Charter Township of Milford

**Financial Report
with Supplemental Information
December 31, 2020**

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Independent Auditor's Report

To the Township Board
Charter Township of Milford

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Milford (the "Township") as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Charter Township of Milford's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Milford as of December 31, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Township Board
Charter Township of Milford

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Milford's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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



April 21, 2021

Overview of the Financial Statements

The Charter Township of Milford's (the "Township") 2020 annual report is presented in conformity with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information, which presents combining statements for nonmajor governmental funds and custodial funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the Township's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Township's net position and how it has changed. Net position, the difference between the Township's assets and liabilities, is one way to measure the Township's financial health.

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

Governmental Activities

Most of the Township's basic services are included here, such as public safety, public works, and general administration. Property taxes, state-shared revenue, and charges for services provide most of the funding.

Business-type Activities

The activity during the current year was minimal, and there are very few customers of the system at this time. The Township's water and sewer system is treated as a business-type activity.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The township board establishes other funds to control and manage money for particular purposes.

The Township has three types of funds:

- **Governmental funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.
- **Proprietary funds** - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.
- **Fiduciary funds** - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of net position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Charter Township of Milford

Management's Discussion and Analysis (Continued)

Financial Overview

The Township has total net position of \$25 million, composed of \$18 million from governmental activities and \$7 million from business-type activities. This was a slight increase over 2019. In a condensed format, the table below shows a comparison of the net position as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Other assets	\$ 21,541,771	\$ 21,249,136	\$ 2,415,468	\$ 2,688,827	\$ 23,957,239	\$ 23,937,963
Capital assets	7,952,544	8,486,903	6,762,879	6,947,245	14,715,423	15,434,148
Total assets	29,494,315	29,736,039	9,178,347	9,636,072	38,672,662	39,372,111
Deferred Outflows of Resources	224,771	285,786	-	-	224,771	285,786
Liabilities						
Current liabilities	438,978	487,540	78,322	16,517	517,300	504,057
Noncurrent liabilities	3,878,963	4,929,898	1,805,000	2,170,000	5,683,963	7,099,898
Total liabilities	4,317,941	5,417,438	1,883,322	2,186,517	6,201,263	7,603,955
Deferred Inflows of Resources	7,455,510	7,460,087	-	-	7,455,510	7,460,087
Net Position						
Net investment in capital assets	4,826,648	4,377,960	4,957,879	4,777,245	9,784,527	9,155,205
Restricted	3,427,867	3,306,102	132,000	132,000	3,559,867	3,438,102
Unrestricted	9,691,120	9,460,238	2,205,146	2,540,310	11,896,266	12,000,548
Total net position	\$ 17,945,635	\$ 17,144,300	\$ 7,295,025	\$ 7,449,555	\$ 25,240,660	\$ 24,593,855

The Township experienced an increase in the net position of the governmental activities, as revenue exceeded expenses.

Charter Township of Milford

Management's Discussion and Analysis (Continued)

The tables below show the changes in net position compared to the prior year:

	Governmental Activities			
	2019	2020	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 718,465	\$ 730,052	\$ 11,587	1.6
Operating grants	150,206	213,785	63,579	42.3
Capital grants	(1,774)	-	1,774	(100.0)
General revenue:				
Taxes:				
Property taxes	3,235,091	3,220,743	(14,348)	(0.4)
Police millage	3,458,714	3,716,354	257,640	7.4
State-shared revenue	976,243	934,033	(42,210)	(4.3)
Investment earnings	264,759	195,235	(69,524)	(26.3)
Other revenue	364,887	346,600	(18,287)	(5.0)
Total revenue	9,166,591	9,356,802	190,211	2.1
Expenses				
General government	874,204	1,669,232	795,028	90.9
Public safety	4,782,486	5,355,371	572,885	12.0
Public works	818,821	857,384	38,563	4.7
Health and welfare	101,480	105,746	4,266	4.2
Community and economic development	160,489	158,815	(1,674)	(1.0)
Recreation and culture	279,403	307,418	28,015	10.0
Interest on long-term debt	118,116	101,501	(16,615)	(14.1)
Total expenses	7,134,999	8,555,467	1,420,468	19.9
Change in Net Position	2,031,592	801,335	(1,230,257)	(60.6)
Net Position - Beginning of year	15,112,708	17,144,300	2,031,592	13.4
Net Position - End of year	\$ 17,144,300	\$ 17,945,635	\$ 801,335	4.7

	Business-type Activities			
	2019	2020	Change	Percent Change
Revenue				
Operating revenue	\$ 117,439	\$ 179,004	\$ 61,565	52.4
Interest income	128,077	93,634	(34,443)	(26.9)
Total revenue	245,516	272,638	27,122	11.0
Expenses				
Interest expense	100,767	86,166	(14,601)	(14.5)
Depreciation	184,366	184,366	-	-
Operating expenses, other than depreciation	31,718	156,636	124,918	393.8
Total expenses	316,851	427,168	110,317	34.8
Change in Net Position	(71,335)	(154,530)	(83,195)	116.6
Net Position - Beginning of year	7,520,890	7,449,555	(71,335)	(0.9)
Net Position - End of year	\$ 7,449,555	\$ 7,295,025	\$ (154,530)	(2.1)

Revenue for the governmental activities totaled \$9.4 million in 2020. A total of \$6.9 million, or approximately 74 percent, of all revenue received by the Township was in the form of property tax collections. Property taxes as a whole increased by approximately \$243,000 in 2020 due to increased taxable value.

Charter Township of Milford

Management's Discussion and Analysis (Continued)

Overall, governmental activities revenue increased by approximately 2 percent, and expenses increased by approximately 20 percent. Expenses related to OPEB increased by \$786,000 given there was \$218,000 of 2020 expenses, but a cost recovery of \$568,000 in 2019. Public safety expenses also increased as a result of greater police millage collected and paid to the Village of Milford.

For business-type activities, the Township continued to collect on the special assessment receivable fully recognized in revenue in 2007. This special assessment is related to the construction of the SEMIS sewer during 2008.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2020 with a fund balance of \$8.6 million, with \$7.4 million assigned for specific purposes. While property tax revenue was slightly below the amended budget, total revenue exceeded the amended budget by approximately \$185,000. Investment returns were greater than anticipated, and investment income exceeded the amended budget by approximately \$72,000. Total expenditures were less than the amended budget by approximately \$452,000 due to community and economic development being under budget by approximately \$119,000. General government was under budget by approximately \$104,000. Total revenue of \$6,495,827 exceeded expenditures in the General Fund of \$5,846,566 by \$649,261. After transfers out of \$345,501, the General Fund fund balance increased by \$303,760.

The General Fund budget is amended throughout the year, as deemed necessary. This is primarily done to prevent expenditures from exceeding the budget. With that in mind, the General Fund expenditures were 93 percent of budget.

Capital Assets and Debt Administration

At the end of 2020, the governmental activities of the Township had approximately \$8 million, net of depreciation, invested in a broad range of capital assets, including buildings, recreational trails, fire and office equipment, and vehicles. Business-type activities reported approximately \$7 million, net of depreciation, invested in a sewer system.

Debt relating to the fire station, the recreational trail, and the Olivia Drive special assessment of \$3,380,000 is recorded as a liability in the governmental activities in the statement of net position. Debt relating to special assessment projects for the sewer system totaling \$1,805,000 is recorded as a liability in the business-type activities in the statement of net position.

In addition to bond obligations, the Township has recorded \$270,000 of estimated postclosure care and remediation costs related to the cleanup efforts of the Old Plank landfill.

For more information on capital assets and debt, please see Notes 4 and 6, respectively.

Current Economic Events

While the real estate markets continue to improve, it will be important for the Township to keep a watchful eye on expenses, as it is unlikely taxable value increases will be as great as the increases in expenses. Taxable value as of the December 1, 2020 tax billing had increased by approximately 4.6 percent compared to the prior year.

The United States and State of Michigan declared a state of emergency in March 2020 due to the coronavirus (COVID-19) pandemic. COVID-19 will impact subsequent periods of the Township. The Township noted a slight reduction in state-shared revenue beginning with the June 2020 disbursement. However, the extent of any future reduction and the impact on the Township's other revenue, future operating costs, and any recovery from emergency funding cannot be determined.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition. Should you have further questions, we welcome you to contact the clerk's office.

Charter Township of Milford

Statement of Net Position

December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 17,187,781	\$ 1,183,643	\$ 18,371,424
Receivables:			
Property taxes	3,217,363	-	3,217,363
Special assessments	235,910	1,289,451	1,525,361
Other receivables	179,788	-	179,788
Due from other governmental units	271,672	-	271,672
Other receivables	15,097	18,091	33,188
Interfund advances	207,717	(207,717)	-
Prepaid expenses and other assets	113,456	-	113,456
Restricted assets - Cash (Note 7)	59,540	132,000	191,540
Net OPEB asset (Note 12)	53,447	-	53,447
Capital assets: (Note 4)			
Assets not subject to depreciation	291,297	-	291,297
Assets subject to depreciation - Net	7,661,247	6,762,879	14,424,126
Total assets	29,494,315	9,178,347	38,672,662
Deferred Outflows of Resources			
Bond refunding loss being amortized	160,692	-	160,692
Deferred OPEB costs (Note 12)	64,079	-	64,079
Total deferred outflows of resources	224,771	-	224,771
Liabilities			
Accounts payable	62,743	41,989	104,732
Due to other governmental units	45,607	-	45,607
Refundable deposits, bonds, etc.	263,702	-	263,702
Accrued liabilities and other	66,926	36,333	103,259
Noncurrent liabilities: (Note 6)			
Due within one year:			
Compensated absences	42,375	-	42,375
Current portion of long-term debt	420,000	365,000	785,000
Due in more than one year - Long-term debt	3,416,588	1,440,000	4,856,588
Total liabilities	4,317,941	1,883,322	6,201,263
Deferred Inflows of Resources			
Property taxes and special assessments levied for the following year	6,871,584	-	6,871,584
Refuse collection fee levied for the following year	515,712	-	515,712
Deferred OPEB cost reductions (Note 12)	68,214	-	68,214
Total deferred inflows of resources	7,455,510	-	7,455,510
Net Position			
Net investment in capital assets	4,826,648	4,957,879	9,784,527
Restricted:			
Debt service	29,992	-	29,992
Sears Lake	30,956	-	30,956
Moore Lake	25,606	-	25,606
Fire operations	2,753,913	-	2,753,913
Wastewater treatment plant escrows	472,758	132,000	604,758
Senior citizens	48,209	-	48,209
Olivia Drive debt service	66,433	-	66,433
Unrestricted	9,691,120	2,205,146	11,896,266
Total net position	<u>\$ 17,945,635</u>	<u>\$ 7,295,025</u>	<u>\$ 25,240,660</u>

Charter Township of Milford

Functions/Programs	Program Revenue			Capital Grants and Contributions
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 1,669,232	\$ 214,149	\$ -	\$ -
Public safety	5,355,371	-	51,275	-
Public works	857,384	489,780	123,736	-
Health and welfare	105,746	-	38,774	-
Community and economic development	158,815	13,997	-	-
Recreation and culture	307,418	12,126	-	-
Interest on long-term debt	101,501	-	-	-
Total governmental activities	8,555,467	730,052	213,785	-
Business-type activities - Water and sewer	427,168	179,004	-	-
Total primary government	\$ 8,982,635	\$ 909,056	\$ 213,785	\$ -

General revenue:

Taxes:

Property taxes

Police millage

State-shared revenue

Interest income

Cable franchise fees

Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities

Year Ended December 31, 2020

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,455,083)	\$ -	\$ (1,455,083)
(5,304,096)	-	(5,304,096)
(243,868)	-	(243,868)
(66,972)	-	(66,972)
(144,818)	-	(144,818)
(295,292)	-	(295,292)
(101,501)	-	(101,501)
(7,611,630)	-	(7,611,630)
-	(248,164)	(248,164)
(7,611,630)	(248,164)	(7,859,794)
3,220,743	-	3,220,743
3,716,354	-	3,716,354
934,033	-	934,033
195,235	93,634	288,869
159,701	-	159,701
186,899	-	186,899
8,412,965	93,634	8,506,599
801,335	(154,530)	646,805
17,144,300	7,449,555	24,593,855
<u>\$ 17,945,635</u>	<u>\$ 7,295,025</u>	<u>\$ 25,240,660</u>

Charter Township of Milford

Governmental Funds Balance Sheet

December 31, 2020

	General Fund	Fire Voted Millage Operations Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 11,268,023	\$ 3,530,430	\$ 2,389,328	\$ 17,187,781
Receivables:				
Property taxes	2,372,960	781,749	62,654	3,217,363
Special assessments	44,345	-	191,565	235,910
Other receivables	-	-	179,788	179,788
Due from other governmental units	252,028	14,310	5,334	271,672
Other receivables	15,097	-	-	15,097
Due from other funds (Note 5)	8,000	-	-	8,000
Advances to other funds (Note 5)	207,717	-	-	207,717
Prepaid expenses and other assets	51,458	56,199	5,799	113,456
Restricted assets - Cash (Note 7)	-	-	59,540	59,540
Total assets	\$ 14,219,628	\$ 4,382,688	\$ 2,894,008	\$ 21,496,324
Liabilities				
Accounts payable	\$ 40,277	\$ 21,435	\$ 1,031	\$ 62,743
Due to other governmental units	45,607	-	-	45,607
Due to other funds (Note 5)	-	-	8,000	8,000
Refundable deposits, bonds, etc.	263,702	-	-	263,702
Accrued liabilities and other	8,271	26,612	2,083	36,966
Total liabilities	357,857	48,047	11,114	417,018
Deferred Inflows of Resources				
Unavailable revenue	50,000	-	177,325	227,325
Property taxes and special assessments levied for the following year	5,164,139	1,580,728	126,717	6,871,584
Refuse collection fee levied for the following year	-	-	515,712	515,712
Total deferred inflows of resources	5,214,139	1,580,728	819,754	7,614,621
Fund Balances				
Nonspendable:				
Prepays	51,458	56,199	5,799	113,456
Long-term receivable	207,717	-	-	207,717
Restricted:				
Debt service	-	-	199,100	199,100
Sears Lake	30,956	-	-	30,956
Moore Lake	25,606	-	-	25,606
Fire operations	-	2,697,714	-	2,697,714
Senior citizens	-	-	48,209	48,209
Wastewater treatment plant escrows	472,758	-	-	472,758
Committed:				
Refuse collection	-	-	48,187	48,187
Cemetery improvement	-	-	122,884	122,884
Capital projects	-	-	1,106,101	1,106,101
Assigned (Note 13)	7,350,000	-	532,860	7,882,860
Unassigned	509,137	-	-	509,137
Total fund balances	8,647,632	2,753,913	2,063,140	13,464,685
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,219,628	\$ 4,382,688	\$ 2,894,008	\$ 21,496,324

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2020

Fund Balances Reported in Governmental Funds	\$ 13,464,685
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	7,952,544
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	227,325
Bonds payable and landfill postclosure costs are not due and payable in the current period and are not reported in the funds	(3,675,896)
Accrued interest is not due and payable in the current period and is not reported in the funds	(29,960)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(42,375)
Retiree health care benefits	49,312
Net Position of Governmental Activities	<u>\$ 17,945,635</u>

Charter Township of Milford

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2020

	General Fund	Fire Voted Millage Operations Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Taxes:				
Property taxes	\$ 1,140,371	\$ 1,513,808	\$ 566,564	\$ 3,220,743
Police millage	3,716,354	-	-	3,716,354
Special assessments	113,408	-	33,201	146,609
Intergovernmental:				
Federal grants	3,000	-	15,507	18,507
State sources	920,307	65,585	17,528	1,003,420
Charges for services	195,667	-	510,188	705,855
Licenses and permits	135,941	-	-	135,941
Interest income	122,417	37,845	34,973	195,235
Other revenue	148,362	33,949	17,329	199,640
Total revenue	6,495,827	1,651,187	1,195,290	9,342,304
Expenditures				
Current services:				
General government	1,351,431	-	87,999	1,439,430
Public safety	3,961,493	1,105,096	-	5,066,589
Public works	132,931	-	707,974	840,905
Health and welfare	-	-	103,866	103,866
Community and economic development	158,815	-	-	158,815
Recreation and culture	231,156	-	-	231,156
Capital outlay	10,740	24,881	-	35,621
Debt service:				
Principal	-	200,000	670,000	870,000
Interest and fiscal charges	-	78,850	12,921	91,771
Total expenditures	5,846,566	1,408,827	1,582,760	8,838,153
Excess of Revenue Over (Under)				
Expenditures	649,261	242,360	(387,470)	504,151
Other Financing Sources (Uses)				
Transfers in (Note 5)	-	-	345,501	345,501
Transfers out (Note 5)	(345,501)	-	-	(345,501)
Total other financing (uses) sources	(345,501)	-	345,501	-
Net Change in Fund Balances	303,760	242,360	(41,969)	504,151
Fund Balances - Beginning of year	8,343,872	2,511,553	2,105,109	12,960,534
Fund Balances - End of year	\$ 8,647,632	\$ 2,753,913	\$ 2,063,140	\$ 13,464,685

Charter Township of Milford

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

Year Ended December 31, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ 504,151
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	79,721
Depreciation expense	(606,455)
Net book value of assets disposed of	(7,625)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	14,498
Repayment of bond principal and postclosure and remediation costs are expenditures in the governmental funds, but not in the statement of activities (where they reduce long-term debt)	1,040,000
Change in accrued interest payable and amortization of bond premiums and deferred outflows related to refunding are not recorded in the governmental funds	6,718
Some employee costs (recoveries) (OPEB and compensated absences) do not require the use (receipt) of current financial resources and, therefore, are not reported as expenditures (recoveries) in the governmental funds	(229,673)
Change in Net Position of Governmental Activities	<u>\$ 801,335</u>

Charter Township of Milford

Proprietary Funds Statement of Net Position

December 31, 2020

	<u>Enterprise Fund - Water and Sewer</u>
Assets	
Current assets:	
Cash and investments	\$ 1,183,643
Receivables:	
Special assessments receivable - Due within one year	351,546
Other receivables	<u>18,091</u>
Total current assets	1,553,280
Noncurrent assets:	
Restricted assets - Cash	132,000
Special assessment receivables - Greater than one year	937,905
Capital assets - Net (Note 4)	<u>6,762,879</u>
Total noncurrent assets	<u>7,832,784</u>
Total assets	9,386,064
Liabilities	
Current liabilities:	
Accounts payable	41,989
Accrued liabilities and other	36,333
Current portion of long-term debt (Note 6)	<u>365,000</u>
Total current liabilities	443,322
Noncurrent liabilities:	
Advances from other funds (Note 5)	207,717
Long-term debt (Note 6)	<u>1,440,000</u>
Total noncurrent liabilities	<u>1,647,717</u>
Total liabilities	<u>2,091,039</u>
Net Position	
Net investment in capital assets	4,957,879
Restricted - Operations escrow account	132,000
Unrestricted	<u>2,205,146</u>
Total net position	<u><u>\$ 7,295,025</u></u>

Charter Township of Milford

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

Year Ended December 31, 2020

	<u>Enterprise Fund - Water and Sewer</u>
Operating Revenue - Other charges for service	\$ 179,004
Operating Expenses	
Billing and administrative costs	156,636
Depreciation	<u>184,366</u>
Total operating expenses	<u>341,002</u>
Operating Loss	(161,998)
Nonoperating Revenue (Expense)	
Interest income	93,634
Interest expense	<u>(86,166)</u>
Total nonoperating revenue	<u>7,468</u>
Change in Net Position	(154,530)
Net Position - Beginning of year	<u>7,449,555</u>
Net Position - End of year	<u><u>\$ 7,295,025</u></u>

**Proprietary Funds
Statement of Cash Flows**

Year Ended December 31, 2020

	Enterprise Fund - Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 203,004
Payments to suppliers	(116,397)
Net cash and cash equivalents provided by operating activities	86,607
Cash Flows from Capital and Related Financing Activities	
Special assessment collections	444,916
Principal and interest paid on capital debt	(453,600)
Net cash and cash equivalents used in capital and related financing activities	(8,684)
Cash Flows Provided by Investing Activities - Interest received on investments	14,363
Net Increase in Cash and Cash Equivalents	92,286
Cash and Cash Equivalents - Beginning of year	1,223,357
Cash and Cash Equivalents - End of year	\$ 1,315,643
Statement of Net Position Classification of Cash and Cash Equivalents	
Cash and investments	\$ 1,183,643
Restricted cash	132,000
Total cash and cash equivalents	\$ 1,315,643
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (161,998)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	184,366
Changes in assets and liabilities:	
Receivables	24,000
Accounts payable	40,239
Net cash and cash equivalents provided by operating activities	\$ 86,607

Charter Township of Milford

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2020

	Retiree Health Care Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 32,191	\$ 1,871,270
Investments:		
Commercial paper	805,680	-
Stocks	1,159,234	-
Total assets	1,997,105	1,871,270
Liabilities		
Due to other governmental units	-	867,482
Due to primary government	15,097	-
Total liabilities	15,097	867,482
Net Position		
Restricted:		
Postemployment benefits other than pension	1,982,008	-
Other governments	-	1,003,788
Total net position	<u>\$ 1,982,008</u>	<u>\$ 1,003,788</u>

Charter Township of Milford

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2020

	Retiree Health Care Fund	Custodial Funds
Additions		
Investment income:		
Interest and dividends	\$ 98,169	\$ -
Net increase in fair value of investments	131,655	-
Investment-related expenses	(17,250)	-
Net investment income	212,574	-
Property taxes collected for other governments	-	29,003,210
Library receipts	-	1,208,670
LCSA funds collected for other governments	-	31,633
Total additions	212,574	30,243,513
Deductions		
Benefit payments	15,097	-
Property taxes distributed to other governments	-	29,003,210
Library disbursements	-	1,097,180
LCSA funds distributed to other governments	-	31,633
Total deductions	15,097	30,132,023
Net Increase in Fiduciary Net Position	197,477	111,490
Net Position - Beginning of year	1,784,531	892,298
Net Position - End of year	\$ 1,982,008	\$ 1,003,788

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

Component Units

The Township Building Authority is governed by a three-member board appointed by the Township's governing body. Although it is legally separate from the Township, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

The retiree health care plan is governed by the township board. Although the retiree health care plan is legally separate from the Township, it is reported as a fiduciary component unit because the township board serves as the plan's board and the plan imposes a financial burden on the Township.

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, including special assessments. 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 Township's water and sewer function and various other functions of the Township. Elimination 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 1 - 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 health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township 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 and interest associated with the current fiscal period. Conversely, amounts related to certain special assessments will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow of resources.

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 Township 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

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, and capital project funds. The Township reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.
- The Fire Voted Millage Operations Fund accounts for the proceeds of a property tax levy that are earmarked for fire service.

Proprietary Funds

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Township reports the following major proprietary fund:

- The Water and Sewer Fund is used to account for the issuance of debt to be used for the construction of a water distribution and sewer system, as well as the operations provided to residents.

Fiduciary Funds

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 following:

- The Retiree Health Care Fund, which accumulates resources for future retiree health care payments to retirees
- Custodial funds, which account for assets held by the Township in a trustee capacity

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the Township 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 are eliminated so that only the net amount is included as internal balances in the governmental 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.

Specific Balances and Transactions

Cash and Cash Equivalents

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

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances 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.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Investments

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Restricted Assets

The Water and Sewer Fund cash held in escrow is considered restricted cash, and net position has also been restricted for this amount. Unspent bond proceeds of the Olivia Drive SAD Fund are required to be set aside for specific purposes. These amounts have also been classified as restricted net position/fund balance.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., buildings, vehicles, sewer lines, 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 Township as assets with an initial individual cost of more than \$1,000 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.

Note 1 - Significant Accounting Policies (Continued)

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

	Depreciable Life - Years
Sewer lines	50
Library building and contents	16-40
Buildings and improvements	10-40
Furniture and fixtures	10-20
Vehicles	7-15
Machinery and equipment	10
Computer equipment	5-7
Recreation paths and infrastructure	15-40

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 Fire Voted Millage Operations Fund and the debt service funds are currently 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 will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred loss on bond refunding and deferred OPEB costs qualify for reporting in this category.

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 will not be recognized as an inflow of resources (revenue) until that time. The Township reports revenue collected beyond the period of availability (unavailable revenue), deferred inflows of resources related to OPEB, as well as property taxes and refuse collection fees levied for the following year in this category.

Net Position

Net position of the Township is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position represents resources that are legally restricted to be spent for specific purposes; this includes any unused resources from the Township's special voted tax millages (fire, police, debt, senior center, and recreation trails). Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Note 1 - Significant Accounting Policies (Continued)

Net Position Flow Assumption

Sometimes, the Township will fund outlays for a particular purpose from both restricted 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 Assumptions

Sometimes, the Township 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 township board 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.

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 Township has, by resolution, authorized the supervisor, clerk, and treasurer to assign fund balance. The township board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. 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.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are due on February 28 of the following year and are considered delinquent on March 1, at which time penalties and interest are assessed.

The Township's 2019 property tax revenue was levied and collectible on December 1, 2019 and is recognized as revenue in the year ended December 31, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Significant Accounting Policies (Continued)

The 2019 taxable valuation of the Township totaled \$989,372,780. Amounts for operating, police services, and the recreational trails are recognized in the General Fund financial statements as tax revenue. Amounts for fire service, fire debt service, and senior center operations are recognized in the respective special revenue funds as tax revenue. Amounts for debt service are recognized in the debt service fund as tax revenue. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	1.0385	\$ 1,012,000
Police services	3.7367	3,716,000
Fire services	1.2438	1,240,000
Debt service	0.4492	448,000
Senior center	0.1219	119,000
Recreation trails	0.0966	94,000
Fire debt service	0.2750	272,000
Total		<u>\$ 6,901,000</u>

Other Postemployment Benefit Costs

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

Compensated Absences (Vacation and Sick Leave)

It is the Township's policy not to permit employees to accumulate earned but unused sick pay benefits, but employees can carry forward up to 20 days of unused vacation. There is no liability for sick leave because the Township does not have a policy to pay any amounts upon employment termination. A liability is reported when incurred in the government-wide financial statements and the proprietary fund financial statements for unpaid vacation pay. Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

December 31, 2020

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that 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 Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Township's financial statements for the year ended December 31, 2020 but were extended to December 31, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

The Township 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 Township 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 January 1, 2000 is as follows:

Cumulative shortfall at January 1, 2020		\$ (936,810)
Current year permit revenue		132,165
Related expenses:		
Direct costs	\$ 232,493	
Estimated indirect costs	45,714	278,207
		(146,042)
Current year surplus		(146,042)
Cumulative shortfall December 31, 2020		\$ (1,082,852)

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary	Total
Cash and cash equivalents	\$ 17,187,781	\$ 1,183,643	\$ 18,371,424	\$ 1,903,461	\$ 20,274,885
Investments	-	-	-	1,964,914	1,964,914
Restricted cash and investments	59,540	132,000	191,540	-	191,540
Total deposits and investments	\$ 17,247,321	\$ 1,315,643	\$ 18,562,964	\$ 3,868,375	\$ 22,431,339

December 31, 2020

Note 3 - Deposits and Investments (Continued)

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Retiree Health Care Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated nine 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 Township's deposits and investments are in accordance with statutory authority.

The Township'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 Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$14,752,718 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the Township 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.

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 Township has no investment policy that would further limit its investment choices.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
Primary Government		
Government investment pool	\$ 2,359,547	0.63

December 31, 2020

Note 3 - Deposits and Investments (Continued)

Investment	Fair Value	Weighted- average Maturity (Years)
Fiduciary Funds		
Fixed-income securities	\$ 341,040	5.73
Fixed-income securities	222,243	5.73
Fixed-income securities	<u>242,397</u>	5.65
Total	<u>\$ 805,680</u>	

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township 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
Primary Government			
Bank investment pools	\$ 222,372	N/A	N/A
Government investment pool	<u>2,359,547</u>	N/A	N/A
Total	<u>\$ 2,581,919</u>		

Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
Fixed-income securities	\$ 563,283	A	S&P
Fixed-income securities	242,397	BBB	S&P
Bank investment pools	<u>32,164</u>	N/A	N/A
Total	<u>\$ 837,844</u>		

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer.

External Investment Pool

The Township has \$2,359,547 invested with the Oakland County Local Government Investment Pool (Oakland County LGIP or the "Pool"). The Pool is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The Pool reports its investments at fair market value. For withdrawal purposes, shares of the Pool will be redeemed at original cost. There are no limitations or restrictions on withdrawals.

Fair Value Measurements

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

December 31, 2020

Note 3 - Deposits and Investments (Continued)

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

The Township has the following recurring fair value measurements as of December 31, 2020:

- OPEB investments (\$805,680 of fixed-income securities and \$1,159,237 of equity securities) using quoted market prices (Level 1 inputs).
- The Township's investments in the Oakland County LGIP (\$2,359,547) and Michigan CLASS (\$222,372) are measured at net asset value (NAV).

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the following table.

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At December 31, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 2,359,547	\$ -	No restrictions	None
Michigan CLASS investment pool	222,372	-	No restrictions	None
Total	<u>\$ 2,581,919</u>	<u>\$ -</u>		

The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share regardless of current fair value.

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

December 31, 2020

Note 4 - Capital Assets

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

Governmental Activities

	Balance January 1, 2020	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets not being depreciated - Land	\$ 298,922	\$ -	\$ (7,625)	\$ 291,297
Capital assets being depreciated:				
Library building and contents	6,842,820	-	-	6,842,820
Buildings and improvements	8,188,893	9,685	-	8,198,578
Furniture and fixtures	176,193	13,994	-	190,187
Vehicles	2,356,086	16,283	-	2,372,369
Machinery and equipment	858,099	27,688	(10,789)	874,998
Computer equipment	127,095	12,071	(2,985)	136,181
Recreation paths and infrastructure	4,220,972	-	-	4,220,972
Subtotal	22,770,158	79,721	(13,774)	22,836,105
Accumulated depreciation:				
Library building and contents	5,020,130	54,415	-	5,074,545
Buildings and improvements	4,507,001	150,964	-	4,657,965
Furniture and fixtures	166,352	1,612	-	167,964
Vehicles	1,755,077	129,184	-	1,884,261
Machinery and equipment	602,101	39,161	(10,789)	630,473
Computer equipment	98,399	12,119	(2,985)	107,533
Recreation paths and infrastructure	2,433,117	219,000	-	2,652,117
Subtotal	14,582,177	606,455	(13,774)	15,174,858
Net capital assets being depreciated	8,187,981	(526,734)	-	7,661,247
Net governmental activities capital assets	<u>\$ 8,486,903</u>	<u>\$ (526,734)</u>	<u>\$ (7,625)</u>	<u>\$ 7,952,544</u>

Business-type Activities

	Balance January 1, 2020	Additions	Disposals and Adjustments	Balance December 31, 2020
Water and Sewer				
Capital assets being depreciated:				
Sewer lines	\$ 9,141,588	\$ -	\$ -	\$ 9,141,588
Laser meter	20,500	-	-	20,500
SCADA	10,175	-	-	10,175
Subtotal	9,172,263	-	-	9,172,263
Accumulated depreciation:				
Sewer lines	2,222,459	182,832	-	2,405,291
Laser meter	2,050	1,025	-	3,075
SCADA	509	509	-	1,018
Subtotal	2,225,018	184,366	-	2,409,384
Net business-type activities capital assets	<u>\$ 6,947,245</u>	<u>\$ (184,366)</u>	<u>\$ -</u>	<u>\$ 6,762,879</u>

December 31, 2020

Note 4 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 58,354
Public safety		264,762
Public works		31,479
Health and welfare		4,150
Recreation and culture		247,710
		<u>247,710</u>
Total governmental activities		<u>\$ 606,455</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 8,000
	Retiree Health Care Fund	15,097
		<u>15,097</u>
	Total	<u>\$ 23,097</u>

The balance owing from the nonmajor fund to the General Fund resulted from loans made for working capital purposes and the balance owing from the Retiree Health Care Fund to the General Fund resulted from a loan for benefit payments.

The Township has made the following long-term advance between funds:

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Water and Sewer Fund	\$ 207,717

The balance owing from the Water and Sewer Fund to the General Fund resulted from loans made for working capital purposes.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor funds:	
	Cemetery improvement	\$ 88,501
	Road fund	257,000
		<u>257,000</u>
	Total	<u>\$ 345,501</u>

The transfers from the General Fund to the other funds represent the use of unrestricted resources to finance improvements and operations.

December 31, 2020

Note 6 - Long-term Debt

Long-term debt activity for the year ended December 31, 2020 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other debt:					
Bonds and contracts payable:					
General obligations	\$ 4,080,000	\$ -	\$ (980,000)	\$ 3,100,000	\$ 375,000
Special assessment bonds	325,000	-	(45,000)	280,000	45,000
Unamortized bond premiums	208,540	-	(21,952)	186,588	-
Compensated absences	31,358	-	11,017	42,375	42,375
Landfill closure and postclosure	285,000	-	(15,000)	270,000	-
Total governmental activities long-term debt	\$ 4,929,898	\$ -	\$ (1,050,935)	\$ 3,878,963	\$ 462,375

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other debt - Bonds and contracts payable	\$ 2,170,000	\$ -	\$ (365,000)	\$ 1,805,000	\$ 365,000

The Township had deferred outflows of \$160,692 related to deferred charges on bond refundings at December 31, 2020.

General Obligation Bonds and Contracts

The Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the Township. General obligations outstanding at December 31, 2020 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Fire station (issued in 2009, partially refunded in 2016)	2009	2.00-4.00%	2029	\$ 2,335,000
Recreation path (issued in 2008, refunded in 2016)	2008	1.80%	2024	765,000
Total governmental activities				<u>\$ 3,100,000</u>
Business-type Activities				
SEMIS note payable	2005	4.00-4.13%	2025	\$ 1,805,000

Special Assessment Bonds

Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties that benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received.

December 31, 2020

Note 6 - Long-term Debt (Continued)

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Olivia Drive paving	2016	2.00-3.15%	2026	\$ 280,000

Other Long-term Liabilities

The landfill postclosure care liability will be liquidated through the Township's General Fund.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities - Other Debt			Business-type Activities - Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 420,000	\$ 96,169	\$ 516,169	\$ 365,000	\$ 74,000	\$ 439,000
2022	450,000	87,806	537,806	360,000	59,400	419,400
2023	475,000	78,884	553,884	360,000	44,550	404,550
2024	500,000	67,079	567,079	360,000	29,700	389,700
2025	305,000	54,512	359,512	360,000	14,850	374,850
2026-2029	1,230,000	119,887	1,349,887	-	-	-
Total	<u>\$ 3,380,000</u>	<u>\$ 504,337</u>	<u>\$ 3,884,337</u>	<u>\$ 1,805,000</u>	<u>\$ 222,500</u>	<u>\$ 2,027,500</u>

Note 7 - Restricted Assets

At December 31, 2020, restricted assets are composed of the following:

Description	Nonmajor Governmental Funds	Water and Sewer Fund
Unspent bond proceeds, Olivia Drive Amount held in escrow	\$ 59,540	\$ -
	-	132,000
Total	<u>\$ 59,540</u>	<u>\$ 132,000</u>

Fund balance/net position has been restricted for the same amounts.

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and workers' compensation. The Township has purchased commercial insurance for employee medical and dental claims and participates in the Michigan Municipal League risk pool for claims relating to property loss, torts, errors and omissions, and workers' compensation; the Township is uninsured for unemployment claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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.

The Township is involved in a lawsuit involving a claim from a developer following the Township's denial of a rezoning request. The plaintiff has put forward a claim of \$91 million. The Township is vigorously defending the case. Given the Township is not insured against a potential loss in this case, a negative outcome could materially impact the Township.

Note 9 - Pension Plan

Plan Description

The Township provides pension benefits to all of its full-time employees and firefighters through a defined contribution plan administered by Burnham & Flower Insurance Group.

Benefits Provided

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Township employees are eligible to participate upon completion of six months of employment, and firefighters are eligible upon completion of one year of employment. As established by the township board, the Township contributes an amount equal to 10 percent of the Township's employee's base salary each month. The Township also contributes an amount equal to 15 percent of the firefighter's salary based on eligible hours. All participating employees shall have their benefits vested at the rate of 25 percent after one year of completed service and 25 percent for each additional year of completed service until they are 100 percent vested. In accordance with these requirements, the Township contributed approximately \$102,000 during the current year. There were no employee contributions to the plan during the current year.

Note 10 - Joint Ventures

The Township is a member of the Western Oakland County Cable Commission Authority (the "Authority"), which provides cable services to the residents of the villages of Milford and Wolverine Lake, Michigan; the townships of Commerce, Highland, Lyon, Milford, and White Lake; and the cities of Walled Lake and Wixom, Michigan. The Authority receives a management fee from the cable television company and currently does not receive a subsidy from the Township.

The Township is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (RRRASOC), which is a solid waste authority serving member communities in southwest Oakland county. RRRASOC is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom, Michigan; the Village of Milford, Michigan; and the Charter Township of Milford. The joint venture receives its operating revenue from member contributions and miscellaneous revenue. Total payments from the Township to RRRASOC for 2020 were \$11,951.

The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Note 11 - Contingent Liabilities and Postclosure Care, Remediation Costs, and Commitments

The Michigan Department of Environmental Quality (MDEQ) named the Township; the Village of Milford, Michigan; the Road Commission of Oakland County; and CSX Transportation as liable parties responsible for certain interim remedial response and investigation activities related to the Old Plank Road landfill in 2002. The Township; the Village of Milford, Michigan; and CSX Transportation formed a joint group and complied with all requirements mandated by the MDEQ's initial request. In December 2004, the joint parties submitted a remedial investigation report to the MDEQ. The MDEQ approved this remedial investigation report, and the joint liable parties began evaluating the remedial options for the landfill and prepared and submitted a feasibility study report to the MDEQ in March 2005. In April 2005, the MDEQ informed the joint liability parties to proceed with the preparation of the remedial action plan to identify the planned remedial actions to address the landfill conditions. This report was submitted to the MDEQ in April 2006. In August 2006, the MDEQ notified the joint parties that the remedial action plan was not considered complete and requested additional information from the joint liable parties.

December 31, 2020

Note 11 - Contingent Liabilities and Postclosure Care, Remediation Costs, and Commitments (Continued)

During September 2008, a revised response activity plan and administrative consent order that set forth those response activities that the joint liable parties would be willing to complete to fully resolve their liability were submitted to the MDEQ. In spring 2009, the responsible parties extended a municipal waterline to service residences located hydraulically down gradient to the landfill. In November 2010, a revised response activity plan was submitted to the MDEQ, and the plan was approved in 2011.

The liability related to the postclosure maintenance is estimated at approximately \$270,000 over an 18-year period of responsibility. In addition, the Township, in the normal course of its activities, is involved in a variety of other issues that lend themselves to potential legal exposure. The estimated liability associated with these issues, if any, cannot be determined; therefore, no liability has been recorded.

Note 12 - Other Postemployment Benefit Plan

Plan Description

The Township provides other postemployment benefits (OPEB) for all employees who meet eligibility requirements. The benefits are provided through the retiree health care plan (the "Plan"), a single-employer plan administered by the Township.

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the Plan is vested with the Township's board of trustees.

Benefits Provided

The Plan provides health care benefits for retirees and their spouses. Benefits are provided through a third-party insurer, and the Township pays between 75 and 100 percent of the premium based on years of service attainment.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	2
Active plan members	8
	<hr/>
Total plan members	10
	<hr/> <hr/>

Contributions

Retiree health care costs are paid by the Township on a pay-as-you-go basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended December 31, 2020, the Township made payments for postemployment health benefit premiums of \$15,097 and will be reimbursed from the trust.

Net OPEB Asset

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB asset. The December 31, 2020 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2020 measurement date. The December 31, 2020 measurement date total OPEB liability was determined by the use of the alternative measurement method calculation as of that date.

December 31, 2020

Note 12 - Other Postemployment Benefit Plan (Continued)

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
Balance at January 1, 2020	\$ 1,622,752	\$ 1,784,531	\$ (161,779)
Changes for the year:			
Service cost	35,779	-	35,779
Interest	115,578	-	115,578
Differences between expected and actual experience and changes in assumptions	169,549	-	169,549
Net investment income	-	212,574	(212,574)
Benefit payments, including refunds	(15,097)	(15,097)	-
Net changes	305,809	197,477	108,332
Balance at December 31, 2020	<u>\$ 1,928,561</u>	<u>\$ 1,982,008</u>	<u>\$ (53,447)</u>

The plan's fiduciary net position represents 103 percent of the total OPEB liability.

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

For the year ended December 31, 2020, the Township recognized OPEB expenses of \$218,657.

At December 31, 2020, the Township reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 56,095	\$ -
Changes in assumptions	7,984	-
Net difference between projected and actual earnings on OPEB plan investments	-	68,214
Total	<u>\$ 64,079</u>	<u>\$ 68,214</u>

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

Years Ending December 31	Amount
2021	\$ 22,139
2022	22,139
2023	(30,776)
2024	(17,637)
Total	<u>\$ (4,135)</u>

December 31, 2020

Note 12 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by utilizing the alternative measurement method as of December 31, 2020, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Expected Point in Time at Which Benefit Payments Will Begin to be Made

Active plan members were assumed to retire at age 60 or at the first subsequent year in which the member would qualify for benefits.

Marital Status and Dependency Status

Active employees and retirees covered under the terms of the OPEB plan who currently have spouses are assumed to be married to those spouses at retirement; those without spouses at the calculation date are assumed to be single at and throughout retirement.

Mortality

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

Turnover

The turnover assumption was derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Health Care Cost Trend Rate

The expected rate of increase in health care insurance premiums was assumed to be a rate of 8.5 percent initially, reduced to an ultimate rate of 4.0 percent after 10 years.

Health Insurance Premiums

Actual 2019 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate

The expected long-term payroll growth rate was assumed to be 2.2 percent, including inflation.

Investment Rate of Return

The investment rate of return was assumed to be 7 percent, net of OPEB plan investment expense, including inflation.

Discount Rate

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the current contribution rate.

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

December 31, 2020

Note 12 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Expected Real Rate of Return
Equities	65.00 %	6.00 %
Fixed income	35.00	2.25

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

The following presents the net OPEB asset of the Township, calculated using the discount rate of 7 percent, as well as what the Township's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6%)	Current Discount Rate (7%)	1 Percentage Point Increase (8%)
Net OPEB liability (asset)	\$ 151,526	\$ (53,447)	\$ (230,904)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the Township, calculated using the health care cost trend rate of 8.5 percent, as well as what the Township's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.5%)	Current Health Care Cost Trend Rate (8.5%)	1 Percentage Point Increase (9.5%)
Net OPEB (asset) liability	\$ (331,723)	\$ (53,447)	\$ 278,774

Assumption Changes

For the 2020 measurement date, the mortality assumption was changed from the RP2000 table to the Pub-2010 Public Retirement Plans Mortality table, and the amortization period was changed from 0 years to 20 years.

Investment Policy

It is the policy of the Plan to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

December 31, 2020

Note 12 - Other Postemployment Benefit Plan (Continued)

Rate of Return

For the year ended December 31, 2020, the annual weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 11.91 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 13 - Assignments

In addition to the \$532,860 fund balance of the Senior Citizens Fund being assigned for the purpose of that fund, the fund balance of the General Fund has been assigned for the following purposes:

Assigned:	
Community and recreational development	\$ 200,000
Landfill reclamation	300,000
Land acquisition	1,600,000
Recreational trail repair and replacement	2,500,000
Road projects	800,000
Cemetery roads	100,000
Master land use plan	700,000
Civic center improvements	750,000
Digitization of records	200,000
Future building expansion	200,000
	<hr/>
Total assigned	\$ 7,350,000

Required Supplemental Information

Charter Township of Milford

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Property taxes	\$ 1,158,476	\$ 1,158,476	\$ 1,140,371	\$ (18,105)
Police millage	3,696,597	3,696,597	3,716,354	19,757
Special assessments	33,250	117,627	113,408	(4,219)
Intergovernmental:				
Federal grants	18,193	18,193	3,000	(15,193)
State sources	900,465	900,465	920,307	19,842
Charges for services	158,268	158,268	195,667	37,399
Licenses and permits	105,340	105,340	135,941	30,601
Investment income	50,000	50,000	122,417	72,417
Other revenue	105,806	105,806	148,362	42,556
Total revenue	6,226,395	6,310,772	6,495,827	185,055
Expenditures				
Current services:				
General government:				
Legislative	16,664	16,664	11,723	4,941
Executive	242,169	242,169	233,648	8,521
Administrative	1,079,863	1,196,452	1,106,060	90,392
Public safety:				
Police protection	3,860,597	3,860,597	3,771,282	89,315
Building department	220,028	239,428	190,211	49,217
Public works	93,250	192,627	132,931	59,696
Community and economic development	183,870	278,270	158,815	119,455
Recreation and culture	205,471	255,471	231,156	24,315
Capital outlay	11,600	16,600	10,740	5,860
Total expenditures	5,913,512	6,298,278	5,846,566	451,712
Excess of Revenue Over Expenditures	312,883	12,494	649,261	636,767
Other Financing Uses - Transfers out	(603,171)	(383,001)	(345,501)	37,500
Net Change in Fund Balance	(290,288)	(370,507)	303,760	674,267
Fund Balance - Beginning of year	8,343,872	8,343,872	8,343,872	-
Fund Balance - End of year	<u>\$ 8,053,584</u>	<u>\$ 7,973,365</u>	<u>\$ 8,647,632</u>	<u>\$ 674,267</u>

Charter Township of Milford

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Fund
 Fire Voted Millage Operations

Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,505,174	\$ 1,505,174	\$ 1,513,808	\$ 8,634
Intergovernmental	-	24,859	65,585	40,726
Investment income	30,000	30,000	37,845	7,845
Other revenue	20,000	20,000	33,949	13,949
Total revenue	1,555,174	1,580,033	1,651,187	71,154
Expenditures				
Current services - Public safety	1,464,642	1,524,008	1,105,096	418,912
Capital outlay	170,000	170,000	24,881	145,119
Debt service	278,850	278,850	278,850	-
Total expenditures	1,913,492	1,972,858	1,408,827	564,031
Net Change in Fund Balance	(358,318)	(392,825)	242,360	635,185
Fund Balance - Beginning of year	2,511,553	2,511,553	2,511,553	-
Fund Balance - End of year	<u>\$ 2,153,235</u>	<u>\$ 2,118,728</u>	<u>\$ 2,753,913</u>	<u>\$ 635,185</u>

Charter Township of Milford

Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios

**Last Four Fiscal Years
Years Ended December 31**

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 35,779	\$ 35,779	\$ 35,779	\$ 54,786
Interest	115,578	151,590	136,219	122,880
Differences between expected and actual experience and changes in assumptions	169,549	(687,216)	138,838	-
Benefit payments, including refunds	(15,097)	(14,139)	(25,120)	-
Net Change in Total OPEB Liability	305,809	(513,986)	285,716	177,666
Total OPEB Liability - Beginning of year	1,622,752	2,136,738	1,851,022	1,673,356
Total OPEB Liability - End of year	\$ 1,928,561	\$ 1,622,752	\$ 2,136,738	\$ 1,851,022
Plan Fiduciary Net Position				
Net investment income (loss)	\$ 212,574	\$ 245,141	\$ (94,900)	\$ 191,150
Benefit payments, including refunds	(15,097)	(14,139)	(25,120)	(23,965)
Net Change in Plan Fiduciary Net Position	197,477	231,002	(120,020)	167,185
Plan Fiduciary Net Position - Beginning of year	1,784,531	1,553,529	1,673,549	1,506,364
Plan Fiduciary Net Position - End of year	\$ 1,982,008	\$ 1,784,531	\$ 1,553,529	\$ 1,673,549
Net OPEB (Asset) Liability - Ending	\$ (53,447)	\$ (161,779)	\$ 583,209	\$ 177,473
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	102.8 %	110.0 %	72.7 %	90.4 %
Covered-employee Payroll	\$ 597,549	\$ 585,121	\$ 492,367	\$ 461,169
Net OPEB (Asset) Liability as a Percentage of Covered-employee Payroll	(8.9)%	(27.6)%	118.5 %	38.5 %

Schedule is being built prospectively from adoption of GASB 74.

For the 2020 measurement date, the mortality assumption was changed from the RP2000 table to the Pub-2010 Public Retirement Plans Mortality table and the amortization period was changed from 0 years to 20 years.

For the 2019 measurement date, the mortality assumption was changed from the 2014 U.S. Life Table to the RP2000 table. The ultimate health care trend rate was reduced from 5 percent to 4 percent. Finally, the assumed salary increases were changed from 2.0 to 2.2 percent.

Charter Township of Milford

Required Supplemental Information Schedule of OPEB Contributions

	Last Ten Fiscal Years									
	Years Ended December 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 60,401	\$ -	\$ 78,198	\$ 76,234	\$ 4,115	\$ 4,115	\$ 4,115	\$ 143,204	\$ 145,173	\$ 144,317
Contributions in relation to the actuarially determined contribution	-	-	-	-	75,000	75,000	-	118,775	229,093	229,652
Contribution (Deficiency) Excess	\$ (60,401)	\$ -	\$ (78,198)	\$ (76,234)	\$ 70,885	\$ 70,885	\$ (4,115)	\$ (24,429)	\$ 83,920	\$ 85,335
Covered-employee Payroll	\$ 597,549	\$ 585,121	\$ 492,367	\$ 461,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered-employee Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are obtained from actuarial valuations performed at least every two years. The most recent valuation was as of December 31, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	20 years
Asset valuation method	Market value
Inflation	3.0 percent
Health care cost trend rates	8.5 percent for 2020, decreasing 0.5 percent per year to an ultimate rate of 4.0 percent for 2029 and later years
Salary increase	2.20 percent
Investment rate of return	7.0 percent, net of OPEB plan investment expense, including inflation
Retirement age	60, average
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years

Charter Township of Milford

**Required Supplemental Information
Schedule of OPEB Investment Returns**

**Last Four Fiscal Years
Years Ended December 31**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	11.9 %	15.8 %	(4.7)%	12.7 %

December 31, 2020

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. The annual budget is prepared by the township supervisor and adopted by the township board; subsequent amendments are approved by the township board. All annual appropriations lapse at fiscal year end. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on an activity 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 General Fund and major special revenue fund budget adopted by the township board is included in the required supplemental information. A comparison of the actual results of operations to the nonmajor special revenue funds budget adopted by the township board is available at the clerk's office for inspection.

Other Supplemental Information

Charter Township of Milford

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

December 31, 2020

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund		Nonmajor Capital Project Funds		Total
	Refuse Collection	Senior Citizens	Cemetery Improvement	Oliva Drive SAD	Debt Service	Road Fund	Land Acquisition	
Assets								
Cash and investments	\$ 384,362	\$ 646,858	\$ 122,884	\$ 103,328	\$ 25,760	\$ 401,934	\$ 704,202	\$2,389,328
Receivables:								
Property taxes	-	62,654	-	-	-	-	-	62,654
Special assessments	-	-	-	191,565	-	-	-	191,565
Other receivables	179,788	-	-	-	-	-	-	179,788
Due from other governmental units	-	1,102	-	-	4,232	-	-	5,334
Prepaid expenses and other assets	-	5,799	-	-	-	-	-	5,799
Restricted assets - Cash	-	-	-	59,540	-	-	-	59,540
	\$ 564,150	\$ 716,413	\$ 122,884	\$ 354,433	\$ 29,992	\$ 401,934	\$ 704,202	\$2,894,008
Total assets								
Liabilities								
Accounts payable	\$ 251	\$ 745	\$ -	\$ -	\$ -	\$ 35	\$ -	\$ 1,031
Due to other funds	-	-	-	8,000	-	-	-	8,000
Accrued liabilities and other	-	2,083	-	-	-	-	-	2,083
	251	2,828	-	8,000	-	35	-	11,114
Total liabilities								
Deferred Inflows of Resources								
Unavailable revenue	-	-	-	177,325	-	-	-	177,325
Property taxes and special assessments levied for the following year	-	126,717	-	-	-	-	-	126,717
Refuse collection fee levied for the following year	515,712	-	-	-	-	-	-	515,712
	515,712	126,717	-	177,325	-	-	-	819,754
Total deferred inflows of resources								
Total liabilities and deferred inflows of resources	515,963	129,545	-	185,325	-	35	-	830,868
Fund Balances								
Nonspendable - Prepays	-	5,799	-	-	-	-	-	5,799
Restricted:								
Debt service	-	-	-	169,108	29,992	-	-	199,100
Senior citizens	-	48,209	-	-	-	-	-	48,209
Committed:								
Refuse collection	48,187	-	-	-	-	-	-	48,187
Cemetery improvement	-	-	122,884	-	-	-	-	122,884
Capital projects	-	-	-	-	-	401,899	704,202	1,106,101
Assigned	-	532,860	-	-	-	-	-	532,860
	48,187	586,868	122,884	169,108	29,992	401,899	704,202	2,063,140
Total fund balances								
Total liabilities, deferred inflows of resources, and fund balances	\$ 564,150	\$ 716,413	\$ 122,884	\$ 354,433	\$ 29,992	\$ 401,934	\$ 704,202	\$2,894,008

Charter Township of Milford

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

Year Ended December 31, 2020

	Nonmajor Special Revenue Funds			Nonmajor Debt Service	Nonmajor Capital		Total	
	Refuse Collection	Senior Citizens	Cemetery Improvement	Oliva Drive SAD	Debt Service	Road Fund		Land Acquisition
Revenue								
Taxes - Property taxes	\$ -	\$ 118,512	\$ -	\$ -	\$ 448,052	\$ -	\$ -	\$ 566,564
Special assessments	-	-	-	33,201	-	-	-	33,201
Intergovernmental	-	18,312	-	-	14,723	-	-	33,035
Charges for services	489,780	8	20,400	-	-	-	-	510,188
Interest income	2,276	7,771	331	9,062	712	4,188	10,633	34,973
Other revenue	-	4,665	35	-	-	12,629	-	17,329
Total revenue	492,056	149,268	20,766	42,263	463,487	16,817	10,633	1,195,290
Expenditures								
Current services:								
General government	-	-	87,999	-	-	-	-	87,999
Public works	520,273	-	-	-	-	187,701	-	707,974
Health and welfare	-	103,866	-	-	-	-	-	103,866
Debt service:								
Principal	-	-	-	45,000	625,000	-	-	670,000
Interest and fiscal charges	-	-	-	8,595	4,326	-	-	12,921
Total expenditures	520,273	103,866	87,999	53,595	629,326	187,701	-	1,582,760
Excess of Revenue (Under) Over Expenditures	(28,217)	45,402	(67,233)	(11,332)	(165,839)	(170,884)	10,633	(387,470)
Other Financing Sources -								
Transfers in	-	-	88,501	-	-	257,000	-	345,501
Net Change in Fund Balances	(28,217)	45,402	21,268	(11,332)	(165,839)	86,116	10,633	(41,969)
Fund Balances - Beginning of year	76,404	541,466	101,616	180,440	195,831	315,783	693,569	2,105,109
Fund Balances - End of year	\$ 48,187	\$ 586,868	\$ 122,884	\$ 169,108	\$ 29,992	\$ 401,899	\$ 704,202	\$2,063,140

Charter Township of Milford

Other Supplemental Information
Statement of Fiduciary Net Position
Fiduciary Funds

December 31, 2020

	Custodial Funds		
	Tax Collection	Library General Fund	Total
Assets - Cash and investments	\$ 867,482	\$ 1,003,788	\$ 1,871,270
Liabilities - Due to other governmental units	867,482	-	867,482
Net Position - Restricted - Other governments	-	1,003,788	1,003,788
Total net position	<u>\$ -</u>	<u>\$ 1,003,788</u>	<u>\$ 1,003,788</u>

Charter Township of Milford

**Other Supplemental Information
Statement of Changes in Fiduciary Net Position
Fiduciary Funds**

Year Ended December 31, 2020

	Custodial Funds		
	Tax Collection	Library General Fund	Total
Additions			
Property taxes collected for other governments	\$ 29,003,210	\$ -	\$ 29,003,210
Library receipts	-	1,208,670	1,208,670
LCSA funds collected for other governments	31,633	-	31,633
Total additions	29,034,843	1,208,670	30,243,513
Deductions			
Property taxes distributed to other governments	29,003,210	-	29,003,210
Library disbursements	-	1,097,180	1,097,180
LCSA funds distributed to other governments	31,633	-	31,633
Total deductions	29,034,843	1,097,180	30,132,023
Net Increase in Fiduciary Net Position	-	111,490	111,490
Net Position - Beginning of year	-	892,298	892,298
Net Position - End of year	\$ -	\$ 1,003,788	\$ 1,003,788