

VILLAGE OF STOCKBRIDGE

Ingham County, Michigan

FINANCIAL STATEMENTS

February 28, 2019

VILLAGE OF STOCKBRIDGE

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INDEPENDENT AUDITORS' REPORT

To the Village Council
Village of Stockbridge, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Stockbridge as of and for the year ended February 28, 2019, and the related notes to the financial statements, which collectively comprise the Village'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.

Auditors' 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 of 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 purposes 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Stockbridge as of February 28, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Council
Village of Stockbridge, Michigan

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 8), schedule of changes in net pension liability and related ratios (page 39), schedule of defined benefit plan pension contributions (page 40), and budgetary comparison schedule (pages 41 through 44) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Stockbridge's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Bertkaume & Co.

Saginaw, Michigan
November 4, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF STOCKBRIDGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2019

As management of the Village of Stockbridge (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 28, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS:

- The Village's combined total net position is reported as \$4,322,049 for the fiscal year ended February 28, 2019, compared to \$4,177,531 for the fiscal year ended February 28, 2018.
- In the Village's governmental activities, revenues generated were \$982,978 while expenses totaled \$756,909.
- In the Village's business-type activities, revenues generated were \$581,944 while expenses totaled \$670,740.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide statements are designed to provide readers with a broad overview of the Village's finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. The *statement of activities* presents all of the Village's revenues and expenses, and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

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

Governmental Activities – Most of the Village's basic services are included here, such as the public safety, public works, recreation departments, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

Business-type Activities – The Village charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include water distribution and sewage collection as well as building inspection services.

The government-wide financial statements include not only the Village itself (known as the *primary government*), but also the legally separate entity of the *Downtown Development Authority* for which the Village is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

VILLAGE OF STOCKBRIDGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2019

Fund Financial Statements:

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The Village has two types of funds:

Governmental Funds – Many of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship of differences between the fund and government-wide statements.

The Village maintains seven (7) individual governmental funds. Separate information is presented for the General Fund, Major Street Fund, and Local Street Fund, which are considered to be "major" funds. Data from the five (4) governmental funds, considered to be "nonmajor" funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been provided for major governmental funds to demonstrate compliance with those budgets.

Proprietary Funds – Proprietary funds are used to report services where the Village charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds.

- Enterprise funds and business-type funds are the same, but the fund statements provide more detail and additional information such as cash flows.
- Internal service funds are used to report activities that provide supplies and services to the Village's other programs. The Village closed its internal service fund during the current fiscal year and now accounts for these activities in the General Fund.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

VILLAGE OF STOCKBRIDGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2019

THE VILLAGE OF STOCKBRIDGE AS A WHOLE:

The Village's total combined net position for the fiscal year ended February 28, 2019 is \$4,322,049, consisting of \$2,103,449 in governmental activities and \$2,218,600 in business-type activities.

Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$624,115. Governmental activities unrestricted total is \$434,526, while business-type activities is \$189,589.

The following table shows comparisons of total assets, total deferred outflows, total liabilities, total deferred inflows and total net position in a condensed format as of February 28, 2019 and February 28, 2018.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:						
Current and other assets	\$ 1,363,055	\$ 1,016,726	\$ 434,886	\$ 530,031	\$ 1,797,941	\$ 1,546,757
Capital assets, net	<u>1,155,599</u>	<u>1,211,060</u>	<u>3,181,247</u>	<u>3,462,138</u>	<u>4,336,846</u>	<u>4,673,198</u>
Total assets	<u>2,518,654</u>	<u>2,227,786</u>	<u>3,616,133</u>	<u>3,992,169</u>	<u>6,134,787</u>	<u>6,219,955</u>
Deferred outflows	<u>53,090</u>	<u>54,984</u>	<u>12,036</u>	<u>16,764</u>	<u>65,126</u>	<u>71,748</u>
Liabilities:						
Current liabilities	94,067	54,144	29,429	134,254	123,496	188,398
Long-term liabilities	<u>374,228</u>	<u>352,139</u>	<u>1,376,417</u>	<u>1,556,735</u>	<u>1,750,645</u>	<u>1,908,874</u>
Total liabilities	<u>468,295</u>	<u>406,283</u>	<u>1,405,846</u>	<u>1,690,989</u>	<u>1,874,141</u>	<u>2,097,272</u>
Deferred inflows	<u>-</u>	<u>6,352</u>	<u>3,723</u>	<u>10,548</u>	<u>3,723</u>	<u>16,900</u>
Net position:						
Net investment in capital assets	1,155,599	1,211,060	1,902,802	1,983,693	3,058,401	3,194,753
Restricted	692,639	506,751	126,209	122,437	818,848	629,188
Unrestricted	<u>255,211</u>	<u>152,324</u>	<u>189,589</u>	<u>201,266</u>	<u>444,800</u>	<u>353,590</u>
Total net position	<u>\$ 2,103,449</u>	<u>\$ 1,870,135</u>	<u>\$ 2,218,600</u>	<u>\$ 2,307,396</u>	<u>\$ 4,322,049</u>	<u>\$ 4,177,531</u>

The Village's combined total net position increased by \$144,518 during the current fiscal year. Governmental activities increased by \$233,314 while business-type activities decreased by \$88,796.

Governmental Activities:

The Village's total governmental revenue is reported at \$982,978, an increase of \$239,848 from the prior fiscal year. Total expenses increased by \$77,378 from the prior fiscal year. Revenues include a county contribution of \$202,495 that is restricted for the future Lakeland Trails construction cost. Expenses related to the Lakeland Trails totaled \$23,180 in the current year.

Business-type Activities:

The Village's total business-type revenue is reported at \$581,944, a decrease of \$73,612 from the prior fiscal year. Total expenses decreased by \$65,586 from the prior fiscal year.

VILLAGE OF STOCKBRIDGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2019

The following table shows comparison of the change in net position in a condensed format for the years ended February 28, 2019 and February 28, 2018:

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues						
Charges for services	\$ 127,025	\$ 117,298	\$ 581,944	\$ 571,364	\$ 708,969	\$ 688,662
Operating grants	156,683	134,763	-	84,192	156,683	218,955
Capital grants	202,495	-	-	-	202,495	-
General revenues						
Property taxes	278,735	270,753	-	-	278,735	270,753
Franchise fees	6,543	5,773	-	-	6,543	5,773
Unrestricted grants and contributions	133,879	127,106	-	-	133,879	127,106
Investment earnings	9,623	841	-	-	9,623	841
Other	67,995	86,596	-	-	67,995	86,596
Total revenues	<u>982,978</u>	<u>743,130</u>	<u>581,944</u>	<u>655,556</u>	<u>1,564,922</u>	<u>1,398,686</u>
Expenses:						
General government	114,513	98,664	-	-	114,513	98,664
Public safety	230,112	211,878	-	-	230,112	211,878
Public works	368,682	344,232	-	-	368,682	344,232
Community and economic development	2,537	6,260	-	-	2,537	6,260
Recreation and culture	41,065	18,497	-	-	41,065	18,497
Sewer	-	-	434,795	514,936	434,795	514,936
Water	-	-	230,576	209,468	230,576	209,468
Building Department	-	-	5,369	11,922	5,369	11,922
Total expenses	<u>756,909</u>	<u>679,531</u>	<u>670,740</u>	<u>736,326</u>	<u>1,427,649</u>	<u>1,415,857</u>
Excess of revenues over expenses before other items	<u>226,069</u>	<u>63,599</u>	<u>(88,796)</u>	<u>(80,770)</u>	<u>137,273</u>	<u>(17,171)</u>
Other items:						
Contributions to principal	4,238	400	-	-	4,238	400
Gain on sale of assets	3,007	-	-	-	3,007	-
Total other items	<u>7,245</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>7,245</u>	<u>400</u>
Changes in position	<u>233,314</u>	<u>63,999</u>	<u>(88,796)</u>	<u>(80,770)</u>	<u>144,518</u>	<u>(16,771)</u>
Net position, beginning of year	<u>1,870,135</u>	<u>1,806,136</u>	<u>2,307,396</u>	<u>2,388,166</u>	<u>4,177,531</u>	<u>4,194,302</u>
Net position, end of year	<u>\$ 2,103,449</u>	<u>\$ 1,870,135</u>	<u>\$ 2,218,600</u>	<u>\$ 2,307,396</u>	<u>\$ 4,322,049</u>	<u>\$ 4,177,531</u>

VILLAGE OF STOCKBRIDGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2019

THE VILLAGE OF STOCKBRIDGE'S FUNDS:

Presentation of the Village of Stockbridge's major funds and aggregate nonmajor funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund is the Village's largest governmental fund and one of three funds that is considered a major fund. It pays for most of the Village's government services. Its major components of revenue are property taxes and state shared revenue. For the year ended February 28, 2019, General Fund financing sources exceeded its financing uses by \$305,675, increasing its ending fund balance to \$750,396. The Village's second major governmental fund, the Major Street Fund increased its ending fund balance by \$45,110. The Village's third major governmental fund, the Local Street Fund decreased its ending fund balance by \$22,958.

General Fund Budgetary Highlights:

The General Fund budget, as originally adopted, projected a net decrease in fund balance of \$96,384. During the year, the Village made budget amendments which changed the projection to a net increase in fund balance of \$19,504. The actual results for the fiscal year yielded an increase in fund balance of \$328,855.

Capital Assets and Debt Administration:

At February 28, 2019, the Village of Stockbridge had \$4,336,846 invested in a range of capital assets including land, buildings, equipment, vehicles, water and sewer lines, roads, and other infrastructure, net of accumulated depreciation. At February 28, 2018, this total was \$4,673,198. Additional information about the Village's capital assets is presented in Note 1 and Note 4 of the Notes to the Financial Statements.

At February 28, 2019, the Village of Stockbridge's total long-term indebtedness (excluding compensated absences payable and net pension liability) was \$1,278,445, which was backed by the full faith and credit of the government. Additional information about the Village's indebtedness is presented in Note 5 of the Notes to the Financial Statements.

Economic Factors:

We are continuing to plan for the long term, and will continue to balance the budgets through controls over spending, while striving to provide the Village's residents with the same level of service to which they have become accustomed.

Contacting the Village's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Office, 305 W. Elizabeth Street, #107, Stockbridge, Michigan, 49285.

BASIC FINANCIAL STATEMENTS

VILLAGE OF STOCKBRIDGE

STATEMENT OF NET POSITION

February 28, 2019

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 1,291,571	\$ 101,670	\$ 1,393,241	\$ 483,387
Receivables	66,441	207,007	273,448	36,559
Prepaid expenses	5,043	-	5,043	-
Restricted cash and cash equivalents	-	126,209	126,209	-
Capital assets not being depreciated	274,778	83,021	357,799	54,752
Capital assets being depreciated, net	880,821	3,098,226	3,979,047	360,131
Total assets	<u>2,518,654</u>	<u>3,616,133</u>	<u>6,134,787</u>	<u>934,829</u>
Deferred outflows of resources:				
Related to pension	<u>53,090</u>	<u>12,036</u>	<u>65,126</u>	<u>-</u>
Liabilities:				
Accounts payable and accrued expenses	94,067	29,429	123,496	19,978
Long-term liabilities:				
Due within one year				
Current portion of long-term debt	-	200,000	200,000	-
Due in more than one year				
Compensated absences	12,131	-	12,131	-
Long-term debt	-	1,078,445	1,078,445	-
Net pension liability	362,097	97,972	460,069	-
Total liabilities	<u>468,295</u>	<u>1,405,846</u>	<u>1,874,141</u>	<u>19,978</u>
Deferred inflows of resources:				
Related to pension	<u>-</u>	<u>3,723</u>	<u>3,723</u>	<u>-</u>
Net position:				
Net investment in capital assets	1,155,599	1,902,802	3,058,401	414,883
Restricted for:				
Debt service	-	126,209	126,209	-
Nonexpendable cemetery trust	108,875	-	108,875	-
Streets	402,613	-	402,613	-
Lakeland trail grant	179,315	-	179,315	-
Law enforcement programs	1,836	-	1,836	-
Unrestricted	<u>255,211</u>	<u>189,589</u>	<u>444,800</u>	<u>499,968</u>
Total net position	<u>\$ 2,103,449</u>	<u>\$ 2,218,600</u>	<u>\$ 4,322,049</u>	<u>\$ 914,851</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

STATEMENT OF ACTIVITIES

Year Ended February 28, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 114,513	\$ 12,589	\$ -	\$ -	\$ (101,924)
Public safety	230,112	5,379	500	-	(224,233)
Public works	368,682	109,032	143,658	-	(115,992)
Community and economic development	2,537	25	-	-	(2,512)
Recreation and culture	41,065	-	12,525	202,495	173,955
Total governmental activities	756,909	127,025	156,683	202,495	(270,706)
<i>Business-type activities:</i>					
Sewer	\$ 434,795	\$ 376,114	\$ -	\$ -	\$ (58,681)
Water	230,576	188,395	-	-	(42,181)
Building Department	5,369	17,435	-	-	12,066
Total business-type activities	670,740	581,944	-	-	(88,796)
Total primary government	<u>\$ 1,427,649</u>	<u>\$ 708,969</u>	<u>\$ 156,683</u>	<u>\$ 202,495</u>	<u>\$ (359,502)</u>
COMPONENT UNIT:					
Downtown development authority	<u>\$ 131,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (131,836)</u>

continued

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

STATEMENT OF ACTIVITIES, CONTINUED

Year Ended February 28, 2019

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
<i>Changes in net position:</i>				
Net (Expense) Revenue	\$ (270,706)	\$ (88,796)	\$ (359,502)	\$ (131,836)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	235,512	-	235,512	-
Property taxes, levied for streets	43,223	-	43,223	-
Property taxes, captured by DDA	-	-	-	168,355
Franchise fees	6,543	-	6,543	-
Grants and contributions not restricted to specific programs	133,879	-	133,879	-
Unrestricted investment earnings	9,623	-	9,623	383
Other	67,995	-	67,995	-
Contributions to permanent fund principal	4,238	-	4,238	-
Special item - Gain on sale of capital asset	3,007	-	3,007	-
Total general revenues and contributions	504,020	-	504,020	168,738
Changes in net position	233,314	(88,796)	144,518	36,902
Net position, beginning of year	1,870,135	2,307,396	4,177,531	877,949
Net position, end of year	\$ 2,103,449	\$ 2,218,600	\$ 4,322,049	\$ 914,851

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

GOVERNMENTAL FUNDS

BALANCE SHEET

February 28, 2019

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 780,241	\$ 208,701	\$ 188,478	\$ 114,151	\$ 1,291,571
Accounts receivable	19,351	-	-	2,456	21,807
Due from other governments	22,469	15,830	6,335	-	44,634
Prepaid expenditures	5,043	-	-	-	5,043
Total assets	<u>\$ 827,104</u>	<u>\$ 224,531</u>	<u>\$ 194,813</u>	<u>\$ 116,607</u>	<u>\$ 1,363,055</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 69,443	\$ 2,571	\$ 13,492	\$ 488	\$ 85,994
Accrued expenses	7,265	106	562	140	8,073
Total liabilities	<u>76,708</u>	<u>2,677</u>	<u>14,054</u>	<u>628</u>	<u>94,067</u>
Fund balances:					
Nonspendable:					
Nonexpendable cemetery trust	-	-	-	108,875	108,875
Prepaid expenditures	5,043	-	-	-	5,043
Restricted for:					
Streets	-	221,854	180,759	-	402,613
Lakeland trail grant	179,315	-	-	-	179,315
Law enforcement programs	-	-	-	1,836	1,836
Committed for:					
Cemetery operations	-	-	-	5,268	5,268
Unassigned	566,038	-	-	-	566,038
Total fund balances	<u>750,396</u>	<u>221,854</u>	<u>180,759</u>	<u>115,979</u>	<u>1,268,988</u>
Total liabilities and fund balances	<u>\$ 827,104</u>	<u>\$ 224,531</u>	<u>\$ 194,813</u>	<u>\$ 116,607</u>	<u>\$ 1,363,055</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES

February 28, 2019

Fund balances of governmental funds	\$ 1,268,988
Net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated	274,778
Capital assets being depreciated, net	880,821
Deferred outflows from the difference between expected and actual experience and changes in assumptions of the pension plan as well as Village contributions made after the measurement date of the net pension liability, are not reported in the funds.	53,090
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.	
Compensated absences payable	(12,131)
Net pension liability	<u>(362,097)</u>
Net position of governmental activities	<u><u>\$ 2,103,449</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended February 28, 2019

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues:					
Property taxes	\$ 235,512	\$ -	\$ 43,222	\$ -	\$ 278,734
Licenses and permits	7,543	-	-	-	7,543
State grants	137,120	93,699	49,959	-	280,778
Contributions from other units	257,495	-	-	-	257,495
Charges for services	60,728	-	-	36,689	97,417
Fines and forfeits	1,846	-	-	-	1,846
Interest and rents	53,308	-	-	341	53,649
Other revenue	24,520	-	-	-	24,520
Total revenues	<u>778,072</u>	<u>93,699</u>	<u>93,181</u>	<u>37,030</u>	<u>1,001,982</u>
Expenditures:					
Current					
General government	107,704	-	-	-	107,704
Public safety	204,202	-	-	-	204,202
Public works	140,004	47,477	115,027	38,451	340,959
Community and economic development	2,537	-	-	-	2,537
Recreation and culture	39,845	-	-	-	39,845
Capital outlay	<u>1,112</u>	<u>1,112</u>	<u>1,112</u>	<u>-</u>	<u>3,336</u>
Total expenditures	<u>495,404</u>	<u>48,589</u>	<u>116,139</u>	<u>38,451</u>	<u>698,583</u>
Excess (deficiency) of revenues over expenditures	<u>282,668</u>	<u>45,110</u>	<u>(22,958)</u>	<u>(1,421)</u>	<u>303,399</u>
Other financing sources (uses):					
Sale of capital assets	3,007	-	-	-	3,007
Interfund transfers in	20,000	-	-	-	20,000
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>23,007</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>3,007</u>
Changes in fund balances	305,675	45,110	(22,958)	(21,421)	306,406
Fund balances, beginning of year	<u>444,721</u>	<u>176,744</u>	<u>203,717</u>	<u>137,400</u>	<u>962,582</u>
Fund balances, end of year	<u>\$ 750,396</u>	<u>\$ 221,854</u>	<u>\$ 180,759</u>	<u>\$ 115,979</u>	<u>\$ 1,268,988</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

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

Year Ended February 28, 2019

Changes in fund balances of governmental funds	\$ 306,406
Change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Less depreciation expense	(55,461)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in compensated absences payable	19,737
Change in net pension liability and related deferred outflows and inflows of resources	<u>(37,368)</u>
Change in net position of governmental activities	<u>\$ 233,314</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
February 28, 2019

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Nonmajor Building Department Fund</u>	<u>Total</u>
Assets:				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 68,132	\$ 4,871	\$ 28,667	\$ 101,670
Accounts receivable	134,430	72,577	-	207,007
Total current assets	<u>202,562</u>	<u>77,448</u>	<u>28,667</u>	<u>308,677</u>
<i>Noncurrent assets:</i>				
Restricted cash and cash equivalents	89,204	37,005	-	126,209
Capital assets not being depreciated	83,021	-	-	83,021
Capital assets being depreciated, net	2,309,242	788,984	-	3,098,226
Total noncurrent assets	<u>2,481,467</u>	<u>825,989</u>	<u>-</u>	<u>3,307,456</u>
Total assets	<u>2,684,029</u>	<u>903,437</u>	<u>28,667</u>	<u>3,616,133</u>
Deferred outflows of resources:				
Related to pension	6,092	5,944	-	12,036
Liabilities:				
<i>Current liabilities:</i>				
Accounts payable	7,173	3,506	2,138	12,817
Accrued expenses	972	1,126	-	2,098
Deposits payable	-	1,730	-	1,730
Accrued interest payable	8,526	4,258	-	12,784
Current portion of long-term debt	155,000	45,000	-	200,000
Total current liabilities	<u>171,671</u>	<u>55,620</u>	<u>2,138</u>	<u>229,429</u>
<i>Noncurrent liabilities:</i>				
Long-term debt	663,445	415,000	-	1,078,445
Net pension liability	49,484	48,488	-	97,972
Total noncurrent liabilities	<u>712,929</u>	<u>463,488</u>	<u>-</u>	<u>1,176,417</u>
Total liabilities	<u>884,600</u>	<u>519,108</u>	<u>2,138</u>	<u>1,405,846</u>

continued

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

PROPRIETARY FUNDS
STATEMENT OF NET POSITION, CONTINUED
 February 28, 2019

	<i>Enterprise Funds</i>			<i>Total</i>
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Nonmajor</i>	
			<i>Building Department Fund</i>	
Deferred inflows of resources:				
Related to pension	2,264	1,459	-	3,723
Net position:				
Net investment in capital assets	1,573,818	328,984	-	1,902,802
Restricted for:				
Debt service	89,204	37,005	-	126,209
Unrestricted	140,235	22,825	26,529	189,589
Total net position	\$ 1,803,257	\$ 388,814	\$ 26,529	\$ 2,218,600

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

PROPRIETARY FUNDS
**STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION**
 Year Ended February 28, 2019

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Nonmajor Building Department Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services:				
Sales	\$ 367,863	\$ 183,445	\$ 17,375	\$ 568,683
Other	1,426	1,575	60	3,061
Penalties	6,825	3,375	-	10,200
Total operating revenues	<u>376,114</u>	<u>188,395</u>	<u>17,435</u>	<u>581,944</u>
Operating expenses:				
Personal services	71,969	72,069	-	144,038
Supplies	18,197	12,332	-	30,529
Contracted services	43,209	52,640	5,369	101,218
Other services and charges	63,116	16,890	-	80,006
Depreciation	215,582	65,310	-	280,892
Total operating expenses	<u>412,073</u>	<u>219,241</u>	<u>5,369</u>	<u>636,683</u>
Operating income (loss)	<u>(35,959)</u>	<u>(30,846)</u>	<u>12,066</u>	<u>(54,739)</u>
Non-operating revenues (expenses):				
Interest expense	<u>(22,722)</u>	<u>(11,335)</u>	<u>-</u>	<u>(34,057)</u>
Net non-operating revenues (expenses)	<u>(22,722)</u>	<u>(11,335)</u>	<u>-</u>	<u>(34,057)</u>
Changes in fund net position	(58,681)	(42,181)	12,066	(88,796)
Net position, beginning of year	<u>1,861,938</u>	<u>430,995</u>	<u>14,463</u>	<u>2,307,396</u>
Net position, end of year	<u>\$ 1,803,257</u>	<u>\$ 388,814</u>	<u>\$ 26,529</u>	<u>\$ 2,218,600</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF STOCKBRIDGE

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year Ended February 28, 2019

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Nonmajor Building Department Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 366,480	\$ 173,386	\$ 17,435	\$ 557,301
Cash received from State SAW grant	-	-	(4,000)	(4,000)
Cash payments to and on behalf of employees	(62,627)	(63,826)	-	(126,453)
Cash payments to suppliers for goods/services	(225,895)	(84,161)	(4,507)	(314,563)
Net cash provided (used) by operating activities	<u>77,958</u>	<u>25,399</u>	<u>8,928</u>	<u>112,285</u>
Cash flows from capital related financing activities:				
Principal payments on debt	(155,000)	(45,000)	-	(200,000)
Interest paid on debt	(24,336)	(11,737)	-	(36,073)
Net cash used by capital and related financing activities	<u>(179,336)</u>	<u>(56,737)</u>	<u>-</u>	<u>(236,073)</u>
Change in cash and cash equivalents	(101,378)	(31,338)	8,928	(123,788)
Cash and cash equivalents, beginning of year	<u>258,714</u>	<u>73,214</u>	<u>19,739</u>	<u>351,667</u>
Cash and cash equivalents, end of year	<u>\$ 157,336</u>	<u>\$ 41,876</u>	<u>\$ 28,667</u>	<u>\$ 227,879</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (35,959)	\$ (30,846)	\$ 12,066	\$ (54,739)
Adjustments:				
Depreciation	215,582	65,310	-	280,892
Change in assets and liabilities:				
Accounts receivable	(9,634)	(15,009)	-	(24,643)
Due from other funds	-	-	(4,000)	(4,000)
Accounts payable and accrued expenses	(101,373)	(2,299)	862	(102,810)
Net pension liability and related deferred outflows and inflows of resources	<u>9,342</u>	<u>8,243</u>	<u>-</u>	<u>17,585</u>
Net cash provided (used) by operating activities	<u>\$ 77,958</u>	<u>\$ 25,399</u>	<u>\$ 8,928</u>	<u>\$ 112,285</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by the Village of Stockbridge, (the “Village”):

Reporting Entity:

The Village of Stockbridge, Michigan, was founded in 1835 and incorporated in 1889. The Village is incorporated as a General Law Village and operates under a Council/President form of government. The Village provides various services to its residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The accompanying financial statements present the Village as the primary government. Component units are separate legal entities for which the Village is financially accountable. Blended component units are, in substance, part of the primary government’s operations, and presented as funds of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements. The Village has determined that it has one component unit and that it should be discretely presented.

Discretely Presented Component Unit:

Downtown Development Authority – The Downtown Development Authority (DDA) was created to correct and prevent the deterioration in the downtown district, encourage historical preservation and to promote economic growth within the downtown district. The DDA’s governing body is selected by the Village Council and its budget must be approved by the Village Council. Fiscal dependence and the financial benefit relationship make the Village financially accountable for the Authority and require the Village to report it in its financial statements. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

Accounting and Reporting Principles:

The Village follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

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 unit. 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 revenues 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 revenues include: (1) charges to customers or applicants for goods,

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Village's enterprise functions and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting:

The Village accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the Village to show the particular expenditures that specific revenues were used for. The various funds are aggregated into two broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds.

Proprietary funds provide goods or services to users in exchange for charges or fees.

The Village reports the following major governmental fund:

General Fund is the Village's primary operating fund. It accounts for all financial resources, except for those required to be accounted for in another fund.

Special Revenue Fund – Major Street Fund accounts for the maintenance and construction of streets designated by the Michigan Department of Transportation as major streets in the Village.

Special Revenue Fund – Local Street Fund accounts for the maintenance and construction of streets designated by the Michigan Department of Transportation as local streets in the Village.

The Village reports the following major proprietary funds:

Enterprise Fund – Sewer Fund accounts for revenues and expenses for the operation of a sewer system.

Enterprise Fund – Water Fund accounts for revenues and expenses for the operation of a water system.

Additionally, the Village reports the following fund types:

Special Revenue Funds – Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Permanent Funds – Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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. 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.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Village considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period.

Proprietary 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.

Specific Balances and Transactions:

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the Village considers all highly liquid investments (including restricted assets) to be cash equivalents.

Restricted Assets – Certain resources set aside for repayment of bonds and to meet bond covenants, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Receivables – All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances, if any, are immaterial at year end.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are defined by the Village as assets with an individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10-30 years
Equipment	5-20 years
Infrastructure	15-50 years
Systems and improvements	10-50 years
Vehicles	5-25 years

Long-term Obligations – In the government-wide financial statements and the proprietary fund type 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. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

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

Fund Balance Flow Assumption – Sometimes the Village 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 Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, 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.

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balance Policies – In the fund financial statements, fund balance may be presented in five possible categories, each of which identifies the extent to which the Village is bound to honor constraints on the specific purpose for which amounts can be spent:

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose.

Committed – Amounts that have been formally set aside by the Village Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Village Council.

Assigned – Amounts that are intended to be used for specific purposes expressed by the Village Council.

Unassigned – Amounts that do not fall into any category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

Property Taxes – The Village property taxes are attached as an enforceable lien on property as of July 1 on the taxable valuation of property located in the Village as of the preceding December 31. Property taxes are payable without penalty and interest through September 14. The 2018 taxable valuation of the Village totaled \$26,834,944 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments) on which ad valorem taxes levied consisted of 10.74 mills for the Village's operating purposes and 2.00 mills for streets. The delinquent real property taxes of the Village are purchased by Ingham County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

Pension Costs – The Village offers a defined benefit pension plan to its employees. The Village records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation Leave) – It is the government's policy to permit employees to accumulate earned but unused vacation days. Upon resignation or termination, the Village will pay the employee for the accumulated vacation days. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment – generally when an individual's employment has terminated as of year end.

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Proprietary Funds Operating Classification – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the proprietary funds are charges to customers for sales and services. The proprietary funds recognize as nonoperating revenues rental income and investment income. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Activity:

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

Further, 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.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds. In January of each year, the Clerk presents a proposed operating budget by fund to the Village Council. The operating budget includes proposed expenditures and the means of financing them. A public hearing is held in February and a special meeting is held to give all elected officials the opportunity to discuss their budget with the Council. In February, the budget is legally enacted by adoption of the Village Council. Any revision that alters the total expenditures of any fund must be approved by the Village Council. Formal budgetary integration is employed as a management control device during the year for all funds. A comparison of actual results of operations to the budgeted amounts for the General Fund as well as any other major funds is included in the required supplementary information. All annual appropriations lapse at fiscal year end.

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Village incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u><i>Final Budget</i></u>	<u><i>Actual</i></u>	<u><i>Excess</i></u>
General Fund:			
General government			
Building and grounds	\$ 57,138	\$ 65,354	\$ 8,216

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan.

The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the Village Council is in accordance with Public Act 196 of 1997. The Village's deposits and investments have been made in accordance with statutory authority. The Village's deposits and investments are subject to risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. At year end, the Village and its component unit had \$1,892,699 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$749,978 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Village believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended February 28, 2019 was as follows:

	<u>March 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>February 28, 2019</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 274,778	\$ -	\$ -	\$ 274,778
Capital assets being depreciated:				
Equipment and vehicles	361,178	-	-	361,178
Infrastructure	1,784,911	-	-	1,784,911
Total capital assets being depreciated	2,146,089	-	-	2,146,089
Less accumulated depreciation for:				
Equipment and vehicles	(289,972)	(12,860)	-	(302,832)
Infrastructure	(919,835)	(42,601)	-	(962,436)
Total accumulated depreciation	(1,209,807)	(55,461)	-	(1,265,268)
Capital assets being depreciated, net	936,282	(55,461)	-	880,821
Governmental activities, capital assets, net	<u>\$ 1,211,060</u>	<u>\$ (55,461)</u>	<u>\$ -</u>	<u>\$ 1,155,599</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 83,021	\$ -	\$ -	\$ 83,021
Capital assets being depreciated:				
Machinery and equipment	75,184	-	-	75,184
Sewer system	6,192,210	-	-	6,192,210
Water system	1,805,356	-	-	1,805,356
Total capital assets being depreciated	8,072,750	-	-	8,072,750
Less accumulated depreciation for:				
Machinery and equipment	(33,428)	(5,447)	-	(38,875)
Sewer system	(3,691,395)	(212,407)	-	(3,903,802)
Water system	(968,810)	(63,037)	-	(1,031,847)
Total accumulated depreciation	(4,693,633)	(280,891)	-	(4,974,524)
Capital assets being depreciated, net	3,379,117	(280,891)	-	3,098,226
Business-type activities, capital assets, net	<u>\$ 3,462,138</u>	<u>\$ (280,891)</u>	<u>\$ -</u>	<u>\$ 3,181,247</u>

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 4: CAPITAL ASSETS, CONTINUED

	<i>March 1, 2018</i>	<i>Additions</i>	<i>Retirements</i>	<i>February 28, 2019</i>
Component unit:				
Capital assets not being depreciated:				
Land	\$ 54,752	\$ -	\$ -	\$ 54,752
Capital assets being depreciated:				
Equipment	13,147	-	-	13,147
Land improvements	508,137	-	-	508,137
Total capital assets being depreciated	521,284	-	-	521,284
Less accumulated depreciation for:				
Equipment	(10,519)	(1,315)	-	(11,834)
Land improvements	(128,194)	(21,125)	-	(149,319)
Total accumulated depreciation	(138,713)	(22,440)	-	(161,153)
Capital assets being depreciated, net	382,571	(22,440)	-	360,131
Component unit, capital assets, net	<u>\$ 437,323</u>	<u>\$ (22,440)</u>	<u>\$ -</u>	<u>\$ 414,883</u>

Depreciation expense was charged to functions as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Component Unit</i>
General government	\$ -	\$ -	\$ -
Public safety	7,316	-	-
Public works	46,925	-	-
Community and economic development	-	-	22,440
Recreation and culture	1,220	-	-
Sewer	-	215,582	-
Water	-	65,310	-
	<u>\$ 55,461</u>	<u>\$ 280,892</u>	<u>\$ 22,440</u>

NOTE 5: LONG-TERM DEBT

The Village may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. Other long-term debt includes include compensated absences.

Long-term liabilities at February 28, 2019 consisted of the following:

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 5: LONG-TERM DEBT, CONTINUED

	<u>March 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>February 28, 2019</u>	<u>Due Within One Year</u>
Governmental activities:					
<i>Other liabilities:</i>					
Compensated absences	\$ 31,868	\$ 1,451	\$ (21,188)	\$ 12,131	\$ -
Total governmental activities - long-term liabilities	<u>\$ 31,868</u>	<u>\$ 1,451</u>	<u>\$ (21,188)</u>	<u>\$ 12,131</u>	<u>\$ -</u>
Business-type activities:					
<i>General obligation bonds:</i>					
2006 Michigan Revolving Loan Fund Program Bond, due in annual amounts of \$20,000 plus interest at 2.125% through 2027.	\$ 180,000	\$ -	\$ (20,000)	\$ 160,000	\$ 20,000
2003 Michigan Revolving Loan Fund Program Bond, due in annual amounts ranging from \$155,000 to \$170,000 plus interest at 2.50% through 2024.	973,445	-	(155,000)	818,445	155,000
2008 Michigan Revolving Loan Fund Program Bond, due in annual amounts ranging from \$25,000 to \$35,000 plus interest at 2.50% through 2029.	<u>325,000</u>	<u>-</u>	<u>(25,000)</u>	<u>300,000</u>	<u>25,000</u>
Total business-type activities - long-term liabilities	<u>\$ 1,478,445</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 1,278,445</u>	<u>\$ 200,000</u>

Annual debt service requirements to maturity for the above obligations (excluding compensated absences) are as follows:

<u>Fiscal Year Ended</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 200,000	\$ 31,361	\$ 231,361
2021	205,000	26,436	231,436
2022	215,000	21,386	236,386
2023	220,000	16,086	236,086
2024	218,445	10,661	229,106
2025-2029	<u>220,000</u>	<u>14,925</u>	<u>234,925</u>
	<u>\$ 1,278,445</u>	<u>\$ 120,855</u>	<u>\$ 1,399,300</u>

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 6: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of February 28, 2019 in the aggregate were as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total Primary Government</i>	<i>Component Unit</i>
Receivables:				
Property taxes receivable	\$ -	\$ -	\$ -	\$ 33,853
Accounts receivable	21,807	207,007	228,814	-
Intergovernmental	44,634	-	44,634	2,706
Total receivables	<u>\$ 66,441</u>	<u>\$ 207,007</u>	<u>\$ 273,448</u>	<u>\$ 36,559</u>
Accounts payable and accrued expenses:				
Accounts payable	\$ 85,994	\$ 12,817	\$ 98,811	\$ 3,567
Payroll related liabilities	8,073	2,098	10,171	-
Accrued interest payable	-	12,784	12,784	-
Intergovernmental	-	-	-	16,411
Deposits payable	-	1,730	1,730	-
Total accounts payable and accrued expenses	<u>\$ 94,067</u>	<u>\$ 29,429</u>	<u>\$ 123,496</u>	<u>\$ 19,978</u>

NOTE 7: INTERFUND TRANSFERS

The composition of interfund transfers at February 28, 2019 is as follows reported in the fund financial statements:

<i>Funds Transferred From</i>	<i>Funds Transferred To</i>	<i>Amount</i>
Perpetual Care Fund	General Fund	<u>\$ 20,000</u>

The above transfers were either to (1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, or (2) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 8: RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the Village carried commercial insurance to cover all risks of losses. The Village had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS

Defined Benefit Pension Plan (Municipal Employees' Retirement System of Michigan):

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

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

Benefits Provided – The following are the benefits provided from the December 31, 2017 valuation. The division is open.

	<u>General</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
Employee Contributions:	4.70%
Act 88:	No

Employees Covered by Benefit Terms – At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	3
Inactive employees entitled to but not yet receiving benefits:	1
Active employees:	<u>5</u>
Total	<u><u>9</u></u>

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Contributions – The Village is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Village may establish contribution rates to be paid by its covered employees. The Village’s annual required contribution (ARC), for the current year, as a percentage of payroll was 12.11 percent. This amount is based on the valuation payroll from the December 31, 2016 actuarial valuation.

Net Pension Liability – The Village’s net pension liability was measured as of December 31, 2018. The total pension liability as of December 31, 2018 was calculated by the roll-forward method based on the December 31, 2017 actuarial valuation.

Actuarial assumptions – The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.5%; Salary Increases: 3.75% in the long-term; Investment rate of return: 7.75%, net of investment and administrative expenses including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2018, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	8.5%
Global Fixed Income	20.0%	5.7%
Real Assets	12.0%	7.7%
Diversifying Strategies	10.0%	10.0%

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Discount rate – The discount rate used to measure the total pension liability is 8%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at 12/31/17	\$ 1,119,612	\$ 721,051	\$ 398,561
Service cost	30,662	-	30,662
Interest on total pension liability	89,206	-	89,206
Difference between expected and actual experience	(45,866)	-	(45,866)
Employer contributions	-	34,860	(34,860)
Employee contributions	-	9,807	(9,807)
Net investment income	-	(28,919)	28,919
Benefit payments, including employee refunds	(39,726)	(39,726)	-
Administrative expenses	-	(1,667)	1,667
Other changes	1,587	-	1,587
Net changes	35,863	(25,645)	61,508
Balances at 12/31/18	<u>\$ 1,155,475</u>	<u>\$ 695,406</u>	<u>\$ 460,069</u>

The net pension liability is recorded as follows:

Governmental activities	\$ 362,097
Business-type activities	<u>97,972</u>
	<u>\$ 460,069</u>

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the Village, calculated using the discount rate of 8%, as well as what the Village’s net pension liability would be using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate.

	<i>1% Decrease Rate 7%</i>	<i>Current Rate 8%</i>	<i>1% Increase Rate 9%</i>
Net pension liability	\$ -	\$ 460,069	\$ -
Change in net pension liability as of 12/31/18	<u>141,959</u>	<u>-</u>	<u>(120,739)</u>
	<u>\$ 602,028</u>	<u>\$ 460,069</u>	<u>\$ 339,330</u>

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended February 28, 2019, the Village recognized pension expense of \$86,783. At February 28, 2019, the Village reported deferred outflows and inflows of resources from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 30	\$ 2,450
Changes in assumptions	9,231	1,273
Net difference between projected and actual earnings on pension plan investments	52,317	-
Contributions subsequent to the measurement date	3,548	-
	<u>\$ 65,126</u>	<u>\$ 3,723</u>

The deferred outflows of resources and deferred inflows of resources are recorded as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Governmental activities	\$ 53,090	\$ -
Business-type activities	12,036	3,723
	<u>\$ 65,126</u>	<u>\$ 3,723</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the Village contributions to the plan made subsequent to the measurement date (\$3,548), which would impact the net pension liability in fiscal year 2020, rather than pension expense.

<i>Year Ended</i>	<i>Amount</i>
2020	\$ 31,285
2021	9,127
2022	9,269
2023	8,174

VILLAGE OF STOCKBRIDGE

NOTES TO FINANCIAL STATEMENTS

February 28, 2019

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Pension Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Deferred Compensation Plan:

The Village offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years.

NOTE 10: LEASE AGREEMENT

The Village has a lease agreement with the Stockbridge Community School District dated October 6, 2014 to lease space at Stockbridge Middle School. The lease commenced November 1, 2014 and the Village pays monthly rent of \$330.

NOTE 11: REVENUE SHARING AGREEMENT

The Village of Stockbridge and the Downtown Development Authority have entered into an agreement to share a portion of the Tax Increment Revenues received by the DDA in order to reimburse the Village for services provided to the DDA by the Village. The amount that the DDA paid to the Village during the current fiscal year was \$55,000.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF STOCKBRIDGE

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service cost	\$ 30,662	\$ 30,539	\$ 29,488	\$ 28,388
Interest on total pension liability	89,206	83,369	76,162	68,604
Difference between expected and actual experience	(45,866)	38,995	18,461	17,459
Changes in assumptions	-	-	-	39,782
Benefit payments, including employee refunds	(39,726)	(33,525)	(35,564)	(33,090)
Other changes	1,587	(43,370)	-	-
Net change in total pension liability	35,863	76,008	88,547	121,143
Total pension liability - beginning	1,119,612	1,043,604	955,057	833,914
Total pension liability - ending	\$ 1,155,475	\$ 1,119,612	\$ 1,043,604	\$ 955,057
Plan fiduciary net position				
Contributions - employer	\$ 34,860	\$ 38,254	\$ 37,925	\$ 36,582
Contributions - employee	9,807	12,262	12,468	11,783
Net investment income (loss)	(28,919)	83,865	63,285	(8,484)
Benefit payments, including employee refunds	(39,726)	(33,525)	(35,564)	(33,090)
Administrative expenses	(1,667)	(1,324)	(1,247)	(1,203)
Net change in plan fiduciary net position	(25,645)	99,532	76,867	5,588
Total plan fiduciary net position - beginning	721,051	621,519	544,652	539,064
Total plan fiduciary net position - ending	\$ 695,406	\$ 721,051	\$ 621,519	\$ 544,652
Village's net pension liability	\$ 460,069	\$ 398,561	\$ 422,085	\$ 410,405
Plan fiduciary net position as a percentage of the total pension liability	60.18%	64.40%	59.56%	57.03%
Covered employee payroll	\$ 262,935	\$ 263,047	\$ 263,047	\$ 253,918
Village's net pension liability as a percentage of covered employee payroll	174.97%	151.52%	160.46%	161.63%

Note: GASB Statement No. 68 was implemented for the year ended February 29, 2016 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is displayed. Information displayed is as of December 31 of each year.

VILLAGE OF STOCKBRIDGE

SCHEDULE OF VILLAGE DEFINED PENSION BENEFIT PLAN PENSION CONTRIBUTIONS

Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 31,830	\$ 39,449	\$ 37,482	\$ 35,314	\$ 32,738
Contributions in relation to the actuarially determined contribution	<u>31,830</u>	<u>39,449</u>	<u>37,482</u>	<u>35,314</u>	<u>32,738</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 262,935	\$ 263,047	\$ 263,047	\$ 253,918	\$ 237,447
Actuarially determined contribution as a percentage of covered-employee payroll	12%	15%	14%	14%	14%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 25,265	\$ 22,355	\$ 20,971	\$ 48,722	\$ 39,515
Contributions in relation to the actuarially determined contribution	<u>25,265</u>	<u>22,355</u>	<u>20,971</u>	<u>48,722</u>	<u>39,515</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 201,513	\$ 186,838	\$ 168,515	\$ 344,126	\$ 351,985
Actuarially determined contribution as a percentage of covered-employee payroll	13%	12%	12%	14%	11%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of December 31 each year, 14 months prior to the beginning of the fiscal year in which contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Experience-based table of rate that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the RP-2014 Health Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables
Other information	None

Note: Information displayed is as of February 28 of each year.

VILLAGE OF STOCKBRIDGE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended February 28, 2019

	<i>Budgeted Amounts</i>			<i>Actual</i>
	<i>Original</i>	<i>Final</i>	<i>Actual</i>	<i>Over (Under) Final Budget</i>
Revenues:				
Property taxes	\$ 235,000	\$ 230,000	\$ 235,512	\$ 5,512
Licenses and permits	5,000	5,000	7,543	2,543
State grants	82,750	82,750	137,120	54,370
Contributions from other units	65,000	65,000	257,495	192,495
Charges for services	58,500	58,500	60,728	2,228
Fines and forfeits	200	200	1,846	1,646
Interest and rents	10,350	10,350	53,308	42,958
Other revenue	1,550	1,550	24,520	22,970
Total revenues	458,350	453,350	778,072	324,722
Expenditures:				
Current				
General government				
Council	6,496	5,700	5,061	(639)
Clerk/Treasurer	16,160	21,225	17,595	(3,630)
Building and grounds	38,500	57,138	65,354	8,216
Attorney	10,000	24,400	19,694	(4,706)
Total general government	71,156	108,463	107,704	(759)
Public safety				
Police	231,590	231,090	204,202	(26,888)
Public works				
Department of public works	77,100	98,469	91,091	(7,378)
Garbage collection	50,000	59,000	48,913	(10,087)
Total public works	127,100	157,469	140,004	(17,465)
Community and economic development				
Planning	3,500	3,600	2,537	(1,063)
Zoning and Code enforcement	5,500	5,500	-	(5,500)
Total community and economic development	9,000	9,100	2,537	(6,563)
Recreation and culture				
Lakeland Trails	-	24,000	23,180	(820)
Harvest Moon	-	18,500	16,665	(1,835)
Total recreation and culture	-	42,500	39,845	(2,655)
Capital outlay				
	-	1,112	1,112	-
Total expenditures	438,846	549,734	495,404	(54,330)
Excess (deficiency) of revenues over expenditures	19,504	(96,384)	282,668	379,052

continued

VILLAGE OF STOCKBRIDGE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended February 28, 2019

	<u>Budgeted Amounts</u>			<i>Actual</i>
	<u>Final</u>	<u>Original</u>	<u>Actual</u>	<i>Over (Under)</i> <u>Final Budget</u>
Other financing sources (uses):				
Sale of capital assets	-	-	3,007	3,007
Interfund transfers in	-	-	20,000	20,000
Net other financing sources (uses)	-	-	23,007	23,007
Change in fund balance	19,504	(96,384)	305,675	402,059
Fund balance, beginning of year	444,721	444,721	444,721	-
Fund balance, end of year	<u>\$ 464,225</u>	<u>\$ 348,337</u>	<u>\$ 750,396</u>	<u>\$ 402,059</u>

VILLAGE OF STOCKBRIDGE

SPECIAL REVENUE FUND – MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended February 28, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Actual</i>
	<u>Original</u>	<u>Final</u>		<i>Over (Under)</i>
				<u>Final Budget</u>
Revenues:				
State grants	\$ 70,000	\$ 70,000	\$ 93,699	\$ 23,699
Expenditures:				
Current				
Public works	68,136	67,024	47,477	(19,547)
Capital outlay	-	1,112	1,112	-
Total expenditures	<u>68,136</u>	<u>68,136</u>	<u>48,589</u>	<u>(19,547)</u>
Change in fund balance	1,864	1,864	45,110	43,246
Fund balance, beginning of year	<u>176,744</u>	<u>176,744</u>	<u>176,744</u>	<u>-</u>
Fund balance, end of year	<u>\$ 178,608</u>	<u>\$ 178,608</u>	<u>\$ 221,854</u>	<u>\$ 43,246</u>

VILLAGE OF STOCKBRIDGE

SPECIAL REVENUE FUND – LOCAL STREET FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended February 28, 2019

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Property taxes	\$ 49,000	\$ 49,000	\$ 43,222	\$ (5,778)
State grants	23,000	23,000	49,959	26,959
Interest and rents	150	150	-	(150)
Total revenues	<u>72,150</u>	<u>72,150</u>	<u>93,181</u>	<u>21,031</u>
Expenditures:				
Current				
Public works	92,338	126,558	115,027	(11,531)
Capital outlay	-	1,112	1,112	-
Total expenditures	<u>92,338</u>	<u>127,670</u>	<u>116,139</u>	<u>(11,531)</u>
Change in fund balance	(20,188)	(55,520)	(22,958)	32,562
Fund balance, beginning of year	<u>203,717</u>	<u>203,717</u>	<u>203,717</u>	<u>-</u>
Fund balance, end of year	<u>\$ 183,529</u>	<u>\$ 148,197</u>	<u>\$ 180,759</u>	<u>\$ 32,562</u>

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF STOCKBRIDGE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

February 28, 2019

	<u>Special Revenue Funds</u>		<u>Permanent Funds</u>		<u>Total</u>
	<u>Cemetery Fund</u>	<u>Drug Law Enforcement Fund</u>	<u>Cemetery Perpetual Flower Fund</u>	<u>Cemetery Perpetual Care Fund</u>	
Assets:					
Cash and cash equivalents	\$ 3,584	\$ 1,836	\$ 11,147	\$ 97,584	\$ 114,151
Accounts receivable	<u>2,312</u>	<u>-</u>	<u>-</u>	<u>144</u>	<u>2,456</u>
Total assets	<u>\$ 5,896</u>	<u>\$ 1,836</u>	<u>\$ 11,147</u>	<u>\$ 97,728</u>	<u>\$ 116,607</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 488	\$ -	\$ -	\$ -	\$ 488
Accrued expenses	<u>140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>
Total liabilities	<u>628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628</u>
Fund balances:					
Nonspendable:					
Nonexpendable cemetery trust	-	-	11,147	97,728	108,875
Restricted for:					
Law enforcement programs	-	1,836	-	-	1,836
Committed for:					
Cemetery operations	<u>5,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,268</u>
Total fund balances	<u>5,268</u>	<u>1,836</u>	<u>11,147</u>	<u>97,728</u>	<u>115,979</u>
Total liabilities and fund balances	<u>\$ 5,896</u>	<u>\$ 1,836</u>	<u>\$ 11,147</u>	<u>\$ 97,728</u>	<u>\$ 116,607</u>

VILLAGE OF STOCKBRIDGE

NONMAJOR GOVERNMENTAL FUNDS

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

Year Ended February 28, 2019

	<u>Special Revenue Funds</u>		<u>Permanent Funds</u>		<u>Total</u>
	<u>Cemetery Fund</u>	<u>Drug Law Enforcement Fund</u>	<u>Cemetery Perpetual Flower Fund</u>	<u>Cemetery Perpetual Care Fund</u>	
Revenues:					
Charges for services	\$ 32,451	\$ -	\$ -	\$ 4,238	\$ 36,689
Interest and rents	-	2	11	328	341
Total revenues	<u>32,451</u>	<u>2</u>	<u>11</u>	<u>4,566</u>	<u>37,030</u>
Expenditures:					
Current					
Public works	<u>38,293</u>	-	-	<u>158</u>	<u>38,451</u>
Excess (deficiency) of revenues over expenditures	<u>(5,842)</u>	<u>2</u>	<u>11</u>	<u>4,408</u>	<u>(1,421)</u>
Other financing sources (uses):					
Interfund transfers out	-	-	-	(20,000)	(20,000)
Changes in fund balances	(5,842)	2	11	(15,592)	(21,421)
Fund balances, beginning of year	<u>11,110</u>	<u>1,834</u>	<u>11,136</u>	<u>113,320</u>	<u>137,400</u>
Fund balances, end of year	<u>\$ 5,268</u>	<u>\$ 1,836</u>	<u>\$ 11,147</u>	<u>\$ 97,728</u>	<u>\$ 115,979</u>

VILLAGE OF STOCKBRIDGE

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET

February 28, 2019

	<u>DDA</u>
Assets:	
Cash and cash equivalents	\$ 483,387
Taxes receivable	33,853
Due from other governments	<u>2,706</u>
Total assets	<u>\$ 519,946</u>
Liabilities and Fund Balance:	
Liabilities:	
Accounts payable	\$ 3,567
Due to other governments	<u>16,411</u>
Total liabilities	<u>19,978</u>
Fund balance:	
Unassigned	<u>499,968</u>
Total liabilities and fund balance	<u>\$ 519,946</u>
Reconciliation of Fund Balance to Net Position of the Component Unit:	
Fund balance of component unit	\$ 499,968
Net position reported for the component unit in the statement of net position is different because:	
Capital assets used in the component unit are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated	54,752
Capital assets being depreciated, net	<u>360,131</u>
Net position of component unit	<u>\$ 914,851</u>

VILLAGE OF STOCKBRIDGE

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE, CONTINUED**
Year Ended February 28, 2019

	<u>DDA</u>
Revenues:	
Property taxes	\$ 168,355
Interest and rents	<u>383</u>
Total revenues	<u>168,738</u>
Expenditures:	
Current	
Community and economic development	<u>109,396</u>
Changes in fund balance	59,342
Fund balance, beginning of year	<u>440,626</u>
Fund balance, end of year	<u><u>\$ 499,968</u></u>
Reconciliation of Change in Fund Balance to Change in Net Position of the Component Unit:	
Change in fund balance of component unit	\$ 59,342
Change in net position reported for the component unit in the statement of activities is different because:	
The component unit report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Less depreciation expense	<u>(22,440)</u>
Change in net position of component unit	<u><u>\$ 36,902</u></u>

VILLAGE OF STOCKBRIDGE

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
February 28, 2019

MICHIGAN REVOLVING LOAN FUND PROGRAM, SERIES 2003

Issue dated September 25, 2003 in the amount of	\$ 2,770,000
Less: Principal paid in prior years	(1,796,555)
Principal paid in current year	<u>(155,000)</u>
Balance payable at February 28, 2019	<u>\$ 818,445</u>

Balance payable as follows:

<i><u>Fiscal</u></i> <i><u>Year Ended</u></i>	<i><u>Interest</u></i> <i><u>Rate</u></i>	<i><u>Principal due</u></i>	<i><u>Interest due</u></i>	<i><u>Total</u></i> <i><u>Annual</u></i> <i><u>Requirement</u></i>
2020	2.50%	\$ 155,000	\$ 20,461	\$ 175,461
2021	2.50%	160,000	16,586	176,586
2022	2.50%	165,000	12,586	177,586
2023	2.50%	170,000	8,461	178,461
2024	2.50%	<u>168,445</u>	<u>4,211</u>	<u>172,656</u>
		<u>\$ 818,445</u>	<u>\$ 62,305</u>	<u>\$ 880,750</u>

Note: The Sewer Fund is obligated for this debt.

VILLAGE OF STOCKBRIDGE

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 February 28, 2019

MICHIGAN REVOLVING LOAN FUND PROGRAM, SERIES 2003

Issue dated September 25, 2003 in the amount of	\$ 2,770,000
Less: Principal paid in prior years	(1,796,555)
Principal paid in current year	<u>(155,000)</u>
Balance payable at February 28, 2019	<u>\$ 818,445</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2020	2.50%	\$ 155,000	\$ 20,461	\$ 175,461
2021	2.50%	160,000	16,586	176,586
2022	2.50%	165,000	12,586	177,586
2023	2.50%	170,000	8,461	178,461
2024	2.50%	<u>168,445</u>	<u>4,211</u>	<u>172,656</u>
		<u>\$ 818,445</u>	<u>\$ 62,305</u>	<u>\$ 880,750</u>

Note: The Sewer Fund is obligated for this debt.

VILLAGE OF STOCKBRIDGE

BUSINESS-TYPE ACTIVITIES
SCHEDULE OF INDEBTEDNESS
 February 28, 2019

MICHIGAN REVOLVING LOAN FUND PROGRAM, SERIES 2008

Issue dated September 29, 2008 in the amount of	\$	530,000
Less: Principal paid in prior years		(205,000)
Principal paid in current year		<u>(25,000)</u>
Balance payable at February 28, 2019	\$	<u>300,000</u>

Balance payable as follows:

<i>Fiscal</i> <u>Year Ended</u>	<i>Interest</i> <u>Rate</u>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2020	2.50%	\$ 25,000	\$ 7,500	\$ 32,500
2021	2.50%	25,000	6,875	31,875
2022	2.50%	30,000	6,250	36,250
2023	2.50%	30,000	5,500	35,500
2024	2.50%	30,000	4,750	34,750
2025	2.50%	30,000	4,000	34,000
2026	2.50%	30,000	3,250	33,250
2027	2.50%	30,000	2,500	32,500
2028	2.50%	35,000	1,750	36,750
2029	2.50%	<u>35,000</u>	<u>875</u>	<u>35,875</u>
		<u>\$ 300,000</u>	<u>\$ 43,250</u>	<u>\$ 343,250</u>

Note: The Water Fund is obligated for this debt.