

BARTON HILLS VILLAGE
Washtenaw County, Michigan

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended
March 31, 2016

BARTON HILLS VILLAGE
For the Year Ended March 31, 2016

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FINANCIAL SECTION

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Independent Auditor's Report

July 26, 2016

To the Board of Trustees
Barton Hills Village
Washtenaw County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barton Hills Village, Michigan, as of and for the year ended March 31, 2016, 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.

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, each major fund, and the aggregate remaining fund information of Barton Hills Village, Michigan, as of March 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in notes to the financial statements, during the year ended March 31, 2016, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the Village's net pension liability has been recognized on the government-wide statements, and as discussed in the notes, the 2015 financial statements have been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the defined benefit plan information, and the major fund budgetary comparison 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, 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.

Respectfully,

PSLZ, LLP

PSLZ, LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of Barton Hills Village, we offer readers of Barton Hills Village's financial statements this narrative overview and analysis of the financial activities of Barton Hills Village for the fiscal year ended March 31, 2016.

Financial Highlights

- The assets of Barton Hills Village exceeded its liabilities at the close of the most recent fiscal year by \$1,979,733 (*Net Position*). Of this amount, \$29,487 (*unrestricted Net Position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Barton Hills Village's governmental funds reported combined ending fund balances of \$694,678, a decrease of \$138,302 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$220,745, or 26 percent of total general fund expenditures.
- Barton Hills Village's total debt increased \$3,672 during the current fiscal year, due to increases of compensated absences.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Barton Hills Village's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Barton Hills Village's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Barton Hills Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Barton Hills Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of Barton Hills Village include general government, public safety, public works and other activities. The Village has no business-type activities.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. 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. Barton Hills Village, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Barton Hills Village are governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Barton Hills Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Improvement Reserve Fund, and Major Street Fund which are considered to be major funds.

Barton Hills Village adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and the major street fund special revenue fund to demonstrate compliance with this budget. A budget was also presented for the Capital Projects Fund, Public Improvement Reserve 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. The notes to the financial statements can be found on pages 13 -31 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Barton Hills Village, assets exceeded liabilities by \$1,979,733 at the close of the most recent fiscal year.

A significant portion of Barton Hills Village's net position (75 percent) reflects its investment in capital assets, net of debt (e.g., land, buildings, infrastructure, and equipment). Barton Hills Village used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Barton Hills Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental	
	2016	2015(Restated)
Current and Other Assets	719,281	850,268
Capital Assets	1,485,644	1,409,654
Total Assets	<u>2,204,925</u>	<u>2,259,922</u>
Deferred Inflows	<u>72,286</u>	-
Long-term Liabilities	257,230	171,141
Other Liabilities	24,603	17,288
Total Liabilities	<u>281,833</u>	<u>188,429</u>
Deferred Outflows	<u>15,645</u>	-
Net Position:		
Net Investment in		
Capital Assets	1,485,644	1,409,654
Restricted	464,602	448,607
Unrestricted	29,487	213,232
Total Net Position	<u>\$ 1,979,733</u>	<u>\$ 2,071,493</u>

Unrestricted Net Position (\$29,487) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Barton Hills Village is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

The government's net position decreased by \$91,760 during the current fiscal year as shown in the table below:

	Governmental	
	2016	2015
Program Revenues:		
Charges for Services	\$ 82,324	\$ 80,546
Operating Grants & Contributions	14,405	13,555
General Revenues:		
Property Taxes	584,572	570,938
State Shared Revenues	22,092	22,462
Unrestricted Investment Earnings	2,370	2,606
Franchise Fees	9,760	9,305
Total Revenues	<u>715,523</u>	<u>699,412</u>
Program Expenses		
General Government	113,264	112,888
Public Safety	2,282	2,048
Public Works	524,928	348,404
Recreation & Culture	1,001	1,070
Other	165,808	150,824
Total Expenses	<u>807,283</u>	<u>615,234</u>
Change in Net Position	<u>\$ (91,760)</u>	<u>\$ 84,178</u>

GASB 68 was implemented in FY 2016. Amounts for FY 2015 have not been modified to reflect the retroactive application of the change.

Governmental activities. In 2016, governmental activities decreased Barton Hills Village's net position by \$91,760, due primarily to significant infrastructure maintenance expenses.

Financial Analysis of the Government's Funds

As noted earlier, Barton Hills Village used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Barton Hills Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Barton Hills Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Barton Hills Village's governmental funds reported combined ending fund balances of \$694,678, a decrease of \$138,302 in comparison with the prior year.

The general fund is the chief operating fund of Barton Hills Village. At the end of the current fiscal year, unassigned fund balance of the general fund was \$220,745, and the total fund balance was \$230,076. Unassigned fund balance represents 26 percent of total general fund expenditures.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended expenditure budget were \$45,331 which represented a 5% decrease in overall appropriations.

Capital Asset and Debt Administration

Capital assets. Barton Hills Village's investment in capital assets for its governmental activities as of March 31, 2016, amounts to \$1,485,644 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water improvements, and equipment. The Village installed two furnaces, and made infrastructure improvements.

Details to the Village's capital assets are continued in the notes to the financial statements on page 21.

Long-term debt. At the end of the current fiscal year, Barton Hills Village had total long term debt outstanding of \$15,768, which consisted of accumulated unpaid sick and vacation pay.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the Village faces other fiscal challenges, such as flat or no property tax growth. State shared revenues are expected to remain constant for the 2017 fiscal year.

These factors were considered in preparing Barton Hills Village's budget for the 2016/2017 fiscal year.

Changes in and Upcoming Accounting Pronouncements

The Village fully implemented Governmental Accounting Standards Board (GASB) Standard No. 68, which changed costs recognition and disclosure requirements for the Defined Benefit Plan. The Village restated opening equity to comply with this new standard. The Village does not expect much impact if any from GASB statements 74 and 75-which will be effective in later years. These standards address postemployment costs other than pensions.

Requests for Information

This financial report is designed to provide a general overview of Barton Hills Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Barton Hills Village Board.

BASIC FINANCIAL STATEMENTS

BARTON HILLS VILLAGE
Statement of Net Position
March 31, 2016

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 688,352
Receivables (Net of Allowance for Uncollectibles):	
Accounts	21,598
Prepaid Expenditures	9,331
Capital Assets (Net of Accumulated Depreciation)	1,485,644
Total Assets	<u>2,204,925</u>
 <u>DEFERRED OUTFLOWS</u>	
Deferred Outflows Related to Pensions	<u>72,286</u>
 <u>LIABILITIES</u>	
Accounts Payable	13,618
Accrued Liabilities	10,985
Noncurrent Liabilities:	
Compensated Absences	15,768
Net Pension Liability	241,462
Total Liabilities	<u>281,833</u>
 <u>DEFERRED INFLOWS</u>	
Deferred Inflows Related to Pensions	<u>15,645</u>
 <u>Net Position</u>	
Net Investment in Capital Assets	1,485,644
Restricted-Major and Local Streets	242,124
Restricted-Capital Projects	222,478
Unrestricted	29,487
Total Net Position	<u>\$ 1,979,733</u>

BARTON HILLS VILLAGE
Statement of Activities
For the Year Ended March 31, 2016

<u>Functions/Programs</u>	Program Revenues			Net (Expense)
Primary Government:	Operating			Revenue and
Governmental Activities:	Charges for	Grants and		Changes in
Expenses	Services	Contributions		Net Position
Governmental Activities:	Governmental			Activities
General Government	\$ 113,264	\$ 76,108	\$ -	\$ (37,156)
Public Safety	2,282	-	-	(2,282)
Public Works	524,928	6,216	14,405	(504,307)
Recreation and Cultural	1,001	-	-	(1,001)
Other	165,808	-	-	(165,808)
Total Governmental Activities	\$ 807,283	\$ 82,324	\$ 14,405	(710,554)

General Revenues:	
Property Taxes	584,572
State Shared Revenue	22,092
Franchise Fees	9,760
Unrestricted Investment Earnings	2,370
Total General Revenues	618,794
Change in Net Position	(91,760)
Net Position – Beginning (Restated)	2,071,493
Net Position – Ending	\$ 1,979,733

BARTON HILLS VILLAGE
Balance Sheet
Governmental Funds
March 31, 2016

	<u>General</u>	<u>Public Improvement Reserve Fund</u>	<u>Major Streets</u>	<u>Other Governmental Funds Local Streets</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 223,750	\$ 222,478	\$ 175,246	\$ 66,878	\$ 688,352
Receivables (Net of Allowance for Uncollectibles):					
Accounts	21,598	-	-	-	21,598
Prepaid Expenditures	9,331	-	-	-	9,331
Total Assets	\$ 254,679	\$ 222,478	\$ 175,246	\$ 66,878	\$ 719,281
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 13,618	\$ -	\$ -	\$ -	\$ 13,618
Accrued Liabilities	10,985	-	-	-	10,985
Total Liabilities	24,603	-	-	-	24,603
Fund Balances:					
Non Spendable-Prepaid Insurance	9,331	-	-	-	9,331
Restricted-Capital Projects Fund	-	222,478	-	-	222,478
Restricted-Special Revenue Funds	-	-	175,246	66,878	242,124
Unrestricted:					
Unassigned	220,745	-	-	-	220,745
Total Fund Balance	230,076	222,478	175,246	66,878	694,678
Total Liabilities and Fund Balances	\$ 254,679	\$ 222,478	\$ 175,246	\$ 66,878	

Amounts reported for governmental activities in the statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,485,644

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Net Pension Liability	\$ (241,462)	
Deferred Inflows Related to Pensions	72,286	
Deferred Outflows Related to Pensions	(15,645)	
Compensated Absences payable	(15,768)	
		(200,589)
Net Position of Governmental Activities		\$ 1,979,733

BARTON HILLS VILLAGE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2016

	<u>General</u>	<u>Public Improvement Reserve Fund</u>	<u>Major Streets</u>	<u>Other Governmental Funds Local Streets</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Current Taxes	\$ 581,455	\$ -	\$ -	\$ -	\$ 581,455
State Shared Revenues	22,092	-	9,657	4,748	36,497
Water Services	6,216	-	-	-	6,216
Lease Revenue	73,232	-	-	-	73,232
Franchise Fee	9,760	-	-	-	9,760
Interest Income	780	763	601	226	2,370
Interest & Penalties	3,117	-	-	-	3,117
Miscellaneous Revenues	2,876	-	-	-	2,876
Total Revenues	<u>699,528</u>	<u>763</u>	<u>10,258</u>	<u>4,974</u>	<u>715,523</u>
<u>Expenditures</u>					
Current:					
General Government	92,193	-	-	-	92,193
Public Safety	1,682	-	-	-	1,682
Planning and Zoning	-	-	-	-	-
Highways and Streets	50,958	-	-	-	50,958
Parks	1,001	-	-	-	1,001
Sanitation	12,284	-	-	-	12,284
Water Department	314,639	-	-	-	314,639
Public Service	241,036	-	-	-	241,036
Debt Service	-	-	-	-	-
Other	140,032	-	-	-	140,032
Total Expenditures	<u>853,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,825</u>
Excess (Deficiency) of Revenues Over Expenditures	(154,297)	763	10,258	4,974	(138,302)
Fund Balances – Beginning	<u>384,373</u>	<u>221,715</u>	<u>164,988</u>	<u>61,904</u>	<u>832,980</u>
Fund Balances – Ending	<u>\$ 230,076</u>	<u>\$ 222,478</u>	<u>\$ 175,246</u>	<u>\$ 66,878</u>	<u>\$ 694,678</u>

BARTON HILLS VILLAGE
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(138,302)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenses exceeded depreciation expense in the current period.

Depreciation	(88,153)	
Capital Outlay Expense in Departmental Budgets	164,143	75,990

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Increase in Compensated Absences	(3,672)	
Increase in Net Pension Liability (net of deferred in/out)	(25,776)	(29,448)
Change in Net Position in governmental activities	\$	(91,760)

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Barton Hills Village, Michigan, was incorporated in December 14, 1973. The Village operates under an elected Village Board with Village Superintendent, Deputy Clerk and Assistant Treasurer appointed by the Board to carry out the policies that it establishes. Services are provided to approximately 294 residents in the areas of refuse removal, parks and recreation, road maintenance, and water.

The accounting methods and procedures adopted by the Barton Hills Village conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Governmental Funds

The Village reports the following major governmental funds:

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

The Public Improvement Reserve Fund is a capital projects fund used to account for the activity of major public improvements. The Major Street Fund is a special revenue fund used to account for gas and weight tax revenues returned by the State of Michigan restricted to streets designated by Michigan Department of Transportation as "major."

In addition, the Village reports on the following fund types:

The Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Village to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the Village, as well as for its component units, are recorded at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by restricted fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectible accounts, which are recorded at \$-0- at March 31, 2016.

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity – Continued

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed. Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Buildings	30
Equipment	3-25

4. Compensated Absences

Under agreements with employee groups, individual employees have a vested right to receive payments for unused vacation, sick leaves and other benefits under formulas and conditions specified in the agreements. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the statement of net assets. This liability is composed of employees who retire and any unused vacation paid upon termination of employment.

5. Fund Equity

The Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity – Continued

5. Fund Equity – Continued

that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – Amounts that are not 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 Board for use for a specific purpose. Commitments are made and can be rescinded only via resolution for the Village Board of Trustees.

Assigned – Intent to spend resources on specific purposes expressed by the governing body.

Unassigned – This is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

6. Cell Tower Lease Revenue

The Village leases its facilities to two cellular telephone companies, which generated \$73,232 in the current fiscal year. Expected lease revenues in the next three budget years were expected to exceed \$74,605, in each year. The leases are generally, self renewing leases with all executory costs paid by the lessee. The leases can be cancelled with certain notification occurring prior to the expiration of the lease.

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Village is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Village Charter requires one regular council meeting per month. By the March meeting, a proposed operating budget must be submitted to the Village Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year.
2. A public hearing and adoption of the budget is required prior to March 31.
3. On or before March 31, the tax rate must be set and the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund budget is adopted at the activity level and the budgets for the Special Revenue Funds are adopted at the activity level.
5. Budget appropriations lapse at year end.
6. The Village Board of Trustees may authorize supplemental appropriations (budget amendments) during the year. In 2016 budget amendments were made and are reflected in the financial statements.

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of March 31, 2016.

2. Excess of Expenditures over Appropriations in Budgetary Funds

There were no over expenditures of budgetary accounts.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Village is permitted to invest in deposits with Michigan commercial banks, savings and loans, credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Village's deposits and investments:

Custodial Credit Risk. As of March 31, 2016, the Village's book balance of its deposits was \$688,352. The bank balance was \$702,626, all of which was FDIC insured.

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Custodial Credit Risk – Continued

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not further limit its investment choices.

Interest Rate Risk. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Village's deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$269,797	Demand
Certificates of Deposit	\$432,829	82 Days

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments and certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Village's investment policy places no limit on the amount the Village may invest in any one issuer.

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended March 31, 2016 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 312,856	\$ -	\$ -	\$ 312,856
Capital Assets, being depreciated:				
Building and Improvements	899,986		-	899,986
Machinery and Equipment	115,490	7,800	-	123,290
Vehicles	361,945	-	-	361,945
Office Equipment	7,633	-	-	7,633
Infrastructure	710,956	156,343	-	867,299
	<u>2,096,010</u>	<u>164,143</u>	<u>-</u>	<u>2,260,153</u>
Less: Accumulated Depreciation:				
Building and Improvements	(361,707)	(28,871)	-	(390,578)
Machinery and Equipment	(96,372)	(10,746)	-	(107,118)
Vehicles	(280,955)	(22,407)	-	(303,362)
Office Equipment	(6,175)	(365)	-	(6,540)
Infrastructure	(254,003)	(25,764)	-	(279,767)
	<u>(999,212)</u>	<u>(88,153)</u>	<u>-</u>	<u>(1,087,365)</u>
Governmental Activities				
Capital Assets, net	\$ <u>1,409,654</u>	\$ <u>75,990</u>	\$ <u>-</u>	\$ <u>1,485,644</u>

Depreciated expense was charged to functions of the Village as follows:

General Government	\$ 28,871
Public Safety	600
Public Works	58,682
	<u>\$ 88,153</u>

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

C. Interfund Receivables, Payables and Transfers

1. Interfund Receivables and Payables

There are no interfund receivables and payables at March 31, 2016.

2. Interfund Transfers

There are no interfund transfers at March 31, 2016.

D. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended March 31, 2016:

	<u>Balance</u> <u>April 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2016</u>	<u>Balance</u> <u>Within 1 Year</u>
Gov. Activities:					
Comp. Absences	\$ 12,096	\$ 3,672	\$ -	\$ 15,768	\$ -
	<u>\$ 12,096</u>	<u>\$ 3,672</u>	<u>\$ -</u>	<u>\$ 15,768</u>	<u>\$ -</u>

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

E. Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31. Taxes are levied on July 1 of the following year. The Village bills and collects its own property taxes which are accounted for in the General Fund. Village property tax revenues are recognized in the current year as revenue in accordance with the guidelines of the State of Michigan.

The Village is permitted by State law to levy taxes up to \$20 per \$1,000 of equalized valuation for general governmental services. It would also appear to have unlimited taxing power to levy for certain contractual debt subject to constitutional limitations.

	<u>Per \$1,000 of State Equalized Value</u>
Authorized Rate (Pre-Rollback)	20.0000
Authorized Rate (Post-Rollback)	12.0400
Taxes Levied 2015 Roll	10.0000
Tax Margin	2.0400

F. Employee Retirement Systems and Plans

1. Defined Benefit Plan

a. Plan Description

The Village contributes to the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple employer retirement system that covers employees of the Village hired prior to October 1, 2011. The plan is closed to new hires. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member Retirement Board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Systems and Plans – Continued

1. Defined Benefit Plan – Continued

a. Plan Description – Continued

most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2015.

Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries, as established by Public Act 427 of 1984, as amended. The Plan covers all full-time employees at the Village including union and non-union employees. Benefits are calculated as 1.7 percent of the employee's five-year final average compensation. Normal retirement age is 60. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred if the member had remained an employee.

Benefit terms, within the guidelines established by MERS, are generally established and amended by authority of the Village Council.

b. Employees Covered by Benefit Terms

At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	0
Active Plan Members	<u>2</u>
Total Employees covered by MERS	<u>4</u>

c. Contributions

The State of Michigan Constitution, Article 9, Section 24, requires that financial benefits arising on account of employee services rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution.

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Systems and Plans – Continued

1. Defined Benefit Plan – Continued

c. Contributions – Continued

The Village is required to contribute at an actuarially determined rate; the current rate was a flat rate since the plan is closed to members. During the fiscal year ended March 31, 2016, the Village's contributions totaling \$12,300 made in accordance with contribution requirements determined by an actuarial valuation of the plan.

d. Net Pension Liability

The net pension liability reported at March 31, 2016 was determined using a measure of the total pension liability and the plan net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

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

<u>Changes in Net Pension Liability</u>	<u>Liability</u>	<u>Position</u>	<u>Liability</u>
Balance at December 31, 2014	\$ 832,912	\$ 673,867	\$ 159,045
Service Cost	5,987	-	5,987
Interest	66,893	-	66,893
Contributions-Employer	-	11,718	(11,718)
Contributions-Employee	-	-	-
Experience Difference	(31,289)	-	(31,289)
Assumption Difference	41,367	-	41,367
Net Investment Income	-	(9,731)	9,731
Benefit Payments, including refunds	(50,173)	(50,173)	-
Administrative Expenses	-	(1,446)	1,446
Net Changes	<u>32,785</u>	<u>(49,632)</u>	<u>82,417</u>
Balance at December 31, 2015	<u>\$ 865,697</u>	<u>\$ 624,235</u>	<u>\$ 241,462</u>

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Systems and Plans – Continued

1. Defined Benefit Plan – Continued

e. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2016, the Village recognized pension expense of \$37,494. At March 31, 2016, the Village reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 51,602	\$ -
Net difference related to changes in assumptions	20,684	
Net difference related to changes in experience	_____	15,645
Total	\$ 72,286	\$ 15,645

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Systems and Plans – Continued

1. Defined Benefit Plan – Continued

e. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – continued

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

<u>Years Ending</u> <u>March</u>	<u>Deferred</u> <u>Outflow</u>	<u>Deferred</u> <u>Inflow</u>
2017	\$ 33,586	\$ 15,645
2018	12,900	-
2019	12,900	-
2020	12,900	-

f. Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%

50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10 year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study in 2009. The MERS retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2014.

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Systems and Plans – Continued

1. Defined Benefit Plan – Continued

g. Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

h. 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, 2015, the measurement date, for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58%	5.0%
Global Fixed Income	20%	2.2%
Real Assets	12%	4.2%
Diversifying strategies	10%	6.6%

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Systems and Plans – Continued

1. Defined Benefit Plan – Continued

i. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Village, calculated using the discount rate of 8.00 percent, as well as what the Village’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the Village	\$ 318,147	\$ 241,462	\$ 174,265

j. Pension Plan Fiduciary Net Position

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

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Systems and Plans – Continued

2. Defined Contribution Plan

The Village provides pension benefits to employees not covered by the defined benefit plan through a defined contribution plan, effective January 1, 2012. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Village is required to contribute a minimum of 1% of pay, and will match up to 5% of pay. The plan expense in 2016 was \$3,612.

The Village's contributions for each employee are fully vested after 20 months of continuous service. Employees may contribute to the plan on a voluntary basis.

IV. OTHER INFORMATION

A. Insurance

The Village of Barton Hills is a member of the Michigan Municipal Liability and Property Pool for its general liability insurance coverage and a member of the Michigan Municipal Workers Compensation Fund for its workers compensation coverage. The Village pays annual premiums to the pools. The pools are self-sustaining through member premiums, and each carries reinsurance through commercial companies for claims in excess of the pool loss reserve fund.

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, reinsurance, or other insurance carried by the pools, or in the event that a series of losses should deplete or exhaust the loss reserve fund and reinsurance, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made.

No such event has occurred with the Village of Barton Hills and the pools to which it belongs in any of the past three fiscal years.

BARTON HILLS VILLAGE
Notes to Financial Statements
March 31, 2016

IV. OTHER INFORMATION – Continued

B. Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) issued two new pronouncements in June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which will enhance the note disclosures and schedules of required supplementary information for Other Postemployment Benefit Plans (OPEB). GASB Statement No. 74 will provide information about measures of net OPEB liabilities and an analysis of why those liabilities change from year to year. GASB Statement No. 75 establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB plans. GASB Statement No. 74 will be effective for fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

C. Restatement

During fiscal year 2016, the Village adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a net pension liability, as detailed in the defined benefit pension footnote. The financial statements for the year ended March 31, 2015 have been restated to reflect the adoption of this pronouncement as follows:

Governmental Activities

Amounts Previously Reported	\$ 2,230,538
Less-Adjustment for Implementation Of G.A.S.B Statement 68	<u>(159,045)</u>
Restated Amount	<u>\$ 2,071,493</u>

REQUIRED SUPPLEMENTARY INFORMATION

BARTON HILLS VILLAGE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2016

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Current Taxes	\$ 570,000	\$ 581,455	\$ 581,455	\$ -
State Shared Revenues	22,500	23,100	22,092	(1,008)
Water Services	7,000	7,000	6,216	(784)
Lease Revenue	72,100	73,280	73,232	(48)
Franchise Fee	9,500	9,800	9,760	(40)
Interest Earned	2,500	1,000	780	(220)
Interest & Penalties	3,100	2,800	3,117	317
Miscellaneous Revenues	2,480	2,900	2,876	(24)
Total Revenues	<u>689,180</u>	<u>701,335</u>	<u>699,528</u>	<u>(1,807)</u>
Expenditures:				
General Government:				
Attorney	4,000	4,800	4,783	17
Clerk	19,120	19,300	18,882	418
Treasurer	45,950	49,500	49,019	481
Village Hall and Garage	21,680	22,980	19,509	3,471
Total General Government	<u>90,750</u>	<u>96,580</u>	<u>92,193</u>	<u>4,387</u>
Public Safety:				
Law Enforcement	200	100	80	20
Fire Department Services	1,900	1,900	1,602	298
Total Public Safety	<u>2,100</u>	<u>2,000</u>	<u>1,682</u>	<u>318</u>
Community Development – Planning	2,500	500	-	500
Highways and Streets	92,000	57,800	50,958	6,842
Parks	1,400	1,100	1,001	99
Sanitation	13,000	13,000	12,284	716
Water Department	330,000	319,500	314,639	4,861
Public Service – Wages	220,000	229,000	228,018	982
Public Service – Vehicle Costs	20,120	15,120	13,018	2,102
Other Functions:				
Fringe Benefits:				
Employee Housing Costs	35,900	31,300	29,546	1,754
Retirement	15,280	16,800	15,912	888
Hospitalization Insurance	61,211	55,000	52,805	2,195
Social Security	19,800	23,000	22,269	731
Total Fringe Benefits	<u>132,191</u>	<u>126,100</u>	<u>120,532</u>	<u>5,568</u>
Insurance and Bonds	23,050	21,080	19,500	1,580
Total Other Functions	<u>155,241</u>	<u>147,180</u>	<u>140,032</u>	<u>7,148</u>
Total Expenditures	<u>927,111</u>	<u>881,780</u>	<u>853,825</u>	<u>25,853</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(237,931)</u>	\$ <u>(180,445)</u>	(154,297)	\$ <u>24,046</u>
Fund Balance – April 1			<u>384,373</u>	
Fund Balance – March 31			<u>\$ 230,076</u>	

BARTON HILLS VILLAGE
Public Improvement Reserve Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For The Year Ended March 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
Interest Earned	\$ 800	\$ 800	\$ 763	\$ (37)
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Excess (Deficiency) of Revenues and other Financing Sources Over Expenditures	<u>\$ 800</u>	<u>\$ 800</u>	763	<u>\$ (37)</u>
Fund Balance – April 1			<u>221,715</u>	
Fund Balance – March 31			<u>\$ 222,478</u>	

BARTON HILLS VILLAGE
Major Street Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For The Year Ended March 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
State Shared Revenues	\$ 9,000	\$ 9,700	\$ 9,657	\$ (43)
Interest Earned	600	605	601	(4)
Total Revenues	<u>9,600</u>	<u>10,305</u>	<u>10,258</u>	<u>(47)</u>
Expenditures:				
Highways and Streets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,600</u>	<u>\$ 10,305</u>	10,258	<u>\$ (47)</u>
Fund Balance – April 1			<u>164,988</u>	
Fund Balance – March 31			<u>\$ 175,246</u>	

BARTON HILLS VILLAGE
Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
MERS Defined Benefit Plan
Last Fiscal Year (schedule is built prospectively upon implementation of GASB 68)

	2016
Total Pension Liability:	
Service Cost	\$ 5,987
Interest	66,893
Other Changes	10,078
Benefit payments, including refunds	(50,173)
Net Change in Total Pension Liability	32,785
Total Pension Liability, Beginning of year	832,912
Total Pension Liability, End of year	\$ 865,697
Plan Fiduciary Net Position:	
Contributions - Employer	\$ 11,718
Contributions - Employee	-
Net Investment Income	(9,731)
Administrative Expenses	(1,446)
Benefit payments, including refunds	(50,173)
Net Change in Plan Fiduciary Net Position	(49,632)
Plan Fiduciary Net Position, Beginning of year	673,867
Plan Fiduciary Net Position, End of year	\$ 624,235
Village's Net Pension Liability - Ending	\$ 241,462
Plan Fiduciary Net Position as a Percent of Total Pension Liability	72.1%
Covered Employee Payroll	\$ 107,288
Village's Net Pension Liability as a Percent of Covered Employee Payroll	225.1%

BARTON HILLS VILLAGE
Required Supplemental Information
Schedule of Village Pension Contributions-MERS
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 12,300	\$ 9,972	\$ 11,280	\$ 12,372	\$ 17,237	\$ 16,908	\$ 16,239	\$ 13,023	\$ 13,613	\$ 12,074
Contributions in relation to the actuarially determined contribution	12,300	9,972	11,280	12,372	17,237	16,908	16,239	13,023	13,613	12,074
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 107,288	\$ 115,816	\$ 109,818	\$ 105,149	\$ 160,792	\$ 140,942	\$ 151,078	\$ 148,113	\$ 137,984	\$ 138,876
Contributions as a Percentage of Covered Employee Payroll	11.5%	8.6%	10.3%	11.8%	10.7%	12.0%	10.7%	8.8%	9.9%	8.7%

Actuarial valuation information relative to the determination of contributions:

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 15 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry age normal cost

Amortization Method M.E.R.S. Option A (Closed Plans)

Remaining Amortization Period M.E.R.S Option A (Closed Plans)

Asset Valuation Method 5-year smoothed market

Salary Increases 3.75%

Investment Rate of Return 7.75%

Cost of living adjustments None

