

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: Charter Township of Milford, Michigan	County Oakland
Audit Date December 31, 2003	Opinion Date January 23, 2004	Date Accountant Report Submitted To State: February 13, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature <i>Plante & Moran, PLLC</i>			



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Charter Township of Milford Oakland County, Michigan

**Financial Report
with Additional Information
December 31, 2003**

Charter Township of Milford

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Independent Auditor's Report

To the Township Board
Charter Township of Milford
Oakland County, Michigan

We have audited the accompanying general purpose financial statements of the Charter Township of Milford as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Charter Township of Milford's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Charter Township of Milford as of December 31, 2003 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

January 23, 2004

Charter Township of Milford

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets				
Cash and cash equivalents (Note 3)	\$ 1,390,722	\$ 1,429,628	\$ 115,152	\$ 484,651
Taxes receivable	1,927,839	597,808	369,429	-
Due from other funds (Note 4)	1,355,471	499,019	258,276	-
Due from other governmental units	2,618	-	-	-
Land, buildings, and equipment (Note 5)	-	-	-	-
Amount available for debt service	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets	<u>\$ 4,676,650</u>	<u>\$ 2,526,455</u>	<u>\$ 742,857</u>	<u>\$ 484,651</u>
Liabilities and Fund Equity				
Liabilities				
Accounts payable and other	\$ 188,188	\$ 55,785	\$ -	\$ -
Due to other funds (Note 4)	-	-	-	-
Due to other governmental units	-	-	-	-
Refundable deposits	122,061	-	-	-
Tax collections distributable	-	-	-	-
Deferred revenue	3,283,310	1,096,827	627,705	-
Long-term obligations payable (Note 6)	-	-	-	-
Total liabilities	3,593,559	1,152,612	627,705	-
Fund Equity				
Investment in general fixed assets	-	-	-	-
Fund balances - Reserved:				
Reserved for future construction and land acquisition	-	-	-	484,651
Reserved for tax appeals	165,766	35,042	16,399	-
Fund balances - Unreserved:				
Designated for capital outlay	-	50,000	-	-
Designated for future land acquisition	-	-	-	-
Designated for retiree healthcare	100,000	-	-	-
Designated for future contingencies	150,000	-	-	-
Designated for future Township road improvements	100,000	-	-	-
Undesignated	567,325	1,288,801	98,753	-
Total fund equity	<u>1,083,091</u>	<u>1,373,843</u>	<u>115,152</u>	<u>484,651</u>
Total liabilities and fund equity	<u>\$ 4,676,650</u>	<u>\$ 2,526,455</u>	<u>\$ 742,857</u>	<u>\$ 484,651</u>

**Combined Balance Sheet - All Fund Types and Account Groups
December 31, 2003**

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)	
	General Fixed Assets	General Long- term Debt	December 31	
Agency			2003	2002
\$ 5,576,537	\$ -	\$ -	\$ 8,996,690	\$ 12,166,420
-	-	-	2,895,076	2,811,076
-	-	-	2,112,766	1,974,566
-	-	-	2,618	175,343
-	12,634,110	-	12,634,110	9,048,191
-	-	98,753	98,753	98,382
-	-	7,526,247	7,526,247	7,736,618
\$ 5,576,537	\$ 12,634,110	\$ 7,625,000	\$ 34,266,260	\$ 34,010,596
\$ 22,596	\$ -	\$ -	\$ 266,569	\$ 1,083,692
2,112,766	-	-	2,112,766	1,974,566
849,893	-	-	849,893	850,013
-	-	-	122,061	161,493
2,591,282	-	-	2,591,282	2,238,763
-	-	-	5,007,842	4,757,596
-	-	7,625,000	7,625,000	7,835,000
5,576,537	-	7,625,000	18,575,413	18,901,123
-	12,634,110	-	12,634,110	9,048,191
-	-	-	484,651	3,739,034
-	-	-	217,207	82,872
-	-	-	50,000	250,000
-	-	-	-	75,000
-	-	-	100,000	-
-	-	-	150,000	-
-	-	-	100,000	150,000
-	-	-	1,954,879	1,764,376
-	12,634,110	-	15,690,847	15,109,473
\$ 5,576,537	\$ 12,634,110	\$ 7,625,000	\$ 34,266,260	\$ 34,010,596

Charter Township of Milford

Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - All Governmental Fund Types Year Ended December 31, 2003

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)	
					Year Ended December 31	
					2003	2002
Revenue						
Property taxes	\$ 856,192	\$ 714,400	\$ 602,853	\$ -	\$ 2,173,445	\$ 1,990,332
Police millage	2,312,688	-	-	-	2,312,688	2,153,659
Intergovernmental revenue:						
Federal sources	12,725	-	-	-	12,725	15,990
State sources	634,474	-	-	-	634,474	676,542
Service fees and other	36,876	51,515	-	-	88,391	91,587
Investment earnings	19,221	22,333	4,066	18,407	64,027	185,856
Building department	201,395	-	-	-	201,395	165,181
Rubbish billings	-	311,818	-	-	311,818	281,073
Other local revenue	183,742	-	-	-	183,742	242,198
Total revenue	4,257,313	1,100,066	606,919	18,407	5,982,705	5,802,418
Expenditures						
Legislative	7,930	-	-	-	7,930	7,095
Executive	71,147	-	-	-	71,147	72,506
Administration	487,761	-	-	-	487,761	551,708
Cemetery	44,917	-	-	-	44,917	32,960
Police protection	2,312,668	-	-	-	2,312,668	2,153,660
Fire protection	-	493,428	-	-	493,428	478,914
Building department	174,361	-	-	-	174,361	190,121
Public works	257,220	-	-	-	257,220	7,810
Planning	50,044	-	-	-	50,044	54,798
Social services	-	-	-	-	-	2,100
Economic opportunities	14,837	-	-	-	14,837	15,096
Recreation	1,980	-	-	-	1,980	-
Debt service	-	-	606,548	-	606,548	570,923
Other	276,881	-	-	-	276,881	249,881
Capital outlay	21,621	289,479	-	3,322,790	3,633,890	4,553,533
Public services	-	540,913	-	-	540,913	562,206
Community Development Block Grant	12,725	-	-	-	12,725	15,990
Total expenditures	3,734,092	1,323,820	606,548	3,322,790	8,987,250	9,519,301
Excess of Revenue Over (Under) Expenditures	523,221	(223,754)	371	(3,304,383)	(3,004,545)	(3,716,883)
Other Financing Sources (Uses)						
Operating transfers in	125,000	379,720	-	50,000	554,720	545,000
Operating transfers out	(429,720)	(125,000)	-	-	(554,720)	545,000
Total other financing sources (uses)	(304,720)	254,720	-	50,000	-	-
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	218,501	30,966	371	(3,254,383)	(3,004,545)	(3,716,883)
Fund Balances - Beginning of year	864,590	1,342,877	114,781	3,739,034	6,061,282	9,778,165
Fund Balances - End of year	\$ 1,083,091	\$ 1,373,843	\$ 115,152	\$ 484,651	\$ 3,056,737	\$ 6,061,282

Charter Township of Milford

Combined Statement of Revenue, Expenditures, and Changes in Fund Balances Budget and Actual - General and Special Revenue Fund Types Year Ended December 31, 2003

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under)	Budget	Actual	Over (Under)
			Budget			Budget
Revenue						
Property taxes	\$ 808,038	\$ 856,192	\$ 48,154	\$ 697,477	\$ 714,400	\$ 16,923
Police millage	2,301,449	2,312,688	11,239	-	-	-
Intergovernmental revenue:						
Federal sources	19,301	12,725	(6,576)	-	-	-
State sources	619,200	634,474	15,274	-	-	-
Service fees and other	84,000	36,876	(47,124)	-	51,515	51,515
Building department	76,900	201,395	124,495	-	-	-
Investment earnings	15,000	19,221	4,221	16,700	22,333	5,633
Rubbish billings	-	-	-	307,625	311,818	4,193
Other local revenue	53,000	183,742	130,742	-	-	-
Total revenue	<u>3,976,888</u>	<u>4,257,313</u>	<u>280,425</u>	<u>1,021,802</u>	<u>1,100,066</u>	<u>78,264</u>
Expenditures						
General government	680,341	611,755	(68,586)	-	-	-
Public safety	2,545,111	2,537,073	(8,038)	624,713	493,428	(131,285)
Public works	313,400	257,220	(56,180)	-	-	-
Health and welfare	34,835	14,837	(19,998)	14,537	-	(14,537)
Other	328,881	276,881	(52,000)	-	-	-
Capital outlay	35,000	21,621	(13,379)	328,550	289,479	(39,071)
Recreation	9,000	1,980	(7,020)	-	-	-
Public services	-	-	-	644,345	540,913	(103,432)
Community Development Block Grant	18,300	12,725	(5,575)	-	-	-
Total expenditures	<u>3,964,868</u>	<u>3,734,092</u>	<u>(230,776)</u>	<u>1,612,145</u>	<u>1,323,820</u>	<u>(288,325)</u>
Excess of Revenue Over (Under) Expenditures	12,020	523,221	511,201	(590,343)	(223,754)	366,589
Other Financing Sources (Uses)						
Operating transfers in	-	125,000	125,000	594,456	379,720	(214,736)
Operating transfers out	(490,575)	(429,720)	(60,855)	-	(125,000)	125,000
Total other financing sources (uses)	<u>(490,575)</u>	<u>(304,720)</u>	<u>185,855</u>	<u>594,456</u>	<u>254,720</u>	<u>(339,736)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	(478,555)	218,501	\$ 697,056	4,113	30,966	\$ 26,853
Fund Balances - January 1, 2003	<u>864,590</u>	<u>864,590</u>		<u>1,342,877</u>	<u>1,342,877</u>	
Fund Balances - December 31, 2003	<u>\$ 386,035</u>	<u>\$ 1,083,091</u>		<u>\$ 1,346,990</u>	<u>\$ 1,373,843</u>	

Charter Township of Milford

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Milford (the "Township") conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The Township is governed by an elected seven-member Board of Trustees. As required by generally accepted accounting principles, these financial statements present the Charter Township of Milford and its component units. The individual component unit discussed below is included in the Township's reporting entity because of the significance of its operational or financial relationship with the Township.

The Charter Township of Milford Building Authority is governed by a board that is appointed by the Board of Trustees. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

The cash and investments of the Charter Township of Milford Library are recorded in an Agency Fund.

Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories as follows:

Governmental Funds

General Fund - The General Fund contains the records of the ordinary activities of the Township that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, State-shared revenue, and other sources.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

Debt Service Fund - The Debt Service Fund is used to account for the annual payment of principal, interest, and expenses in connection with long-term debt.

Capital Projects Funds - Capital Projects Funds are used to account for the development of capital facilities.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Agency Funds - The Agency Funds are used to account for assets held by the Township as an agent for individuals and other governmental units. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Basis of Accounting

All governmental funds and the Agency Funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations of the Township are recorded as revenue when earned. Other revenue is recorded when received. Deferred revenue represents property taxes that were levied on December 1, 2003 and will be available to finance operations of the Township in 2004.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

- b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- c. Normally, expenditures are not divided between years by the recording of prepaid expenses.
- d. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

Fixed Assets and Long-term Liabilities - Fixed assets used in governmental fund-type operations are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Such assets, which are recorded as expenditures at the time of purchase, do not include certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks, and lighting systems. No depreciation has been provided on general fixed assets.

All fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

The General Fixed Assets Account Group and the General Long-term Debt Account Group are not funds and do not involve the measurement of results of operations.

Investments - Investments are recorded at fair value, based on quoted market prices.

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

Memorandum-only Totals - The total data presented is the aggregate of the fund types and account groups and is presented for analysis purposes only. No consolidating or other eliminations were made in arriving at the totals; therefore, they do not represent consolidated information.

Note 2 - Budget Information

The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2003 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The final budget amendments were approved subsequent to December 31, 2003.

The budget has been prepared in accordance with generally accepted accounting principles. The budget statement (combined statement of revenue, expenditures, and changes in fund balances - budget and actual - General and Special Revenue Fund types) is presented on the same basis of accounting used in preparing the adopted budget.

Charter Township of Milford

Notes to Financial Statements December 31, 2003

Note 2 - Budget Information (Continued)

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget as adopted by the Township Board is included in the general purpose financial statements. A comparison of the actual results of operations to the Special Revenue (Refuse Collection, Fire Voted Millage Operations, Cemetery Improvement, and Road) Funds budget as adopted by the Township Board is available at the clerk's office for inspection.

Note 3 - Cash and Cash Equivalents

The Township's cash and cash equivalents at December 31, 2003 are comprised of the following:

Bank deposits (certificates of deposit, savings, and checking accounts)	\$ 8,145,331
Investments	<u>851,359</u>
Total	<u>\$ 8,996,690</u>

Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$7,332,806. Of that amount, \$600,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. In addition, the laws of the State of Michigan do not provide for collateralization of bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The Township is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles. To the extent that cash from various funds has been pooled, related investment income is allocated to each fund based on relative participation in the pool.

Charter Township of Milford

Notes to Financial Statements December 31, 2003

Note 3 - Cash and Cash Equivalents (Continued)

	Carrying Value (Fair Value)
Interlocal agreement investment pool	\$ 369,202
Bank investment pools	<u>482,157</u>
Total	<u>\$ 851,359</u>

The bank investment pools are regulated by the Michigan Banking Act. Investments under the interlocal agreement (MBIA-CLASS) are regulated by the Urban Cooperation Act. The fair value of the position in the bank investment pools and interlocal agreement pools is the same as the value of the pool shares.

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, the Township's investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in these funds comply with the investment authority noted above.

Note 4 - Interfund Receivables

The following are the interfund receivables at December 31, 2003:

General Fund - Due from Tax Collection Fund	\$ 1,355,471
Special Revenue Funds:	
Refuse Collection Fund - Due from Tax Collection Fund	193,317
Fire Voted Millage Operations Fund - Due from Tax Collection Fund	<u>305,702</u>
Total Special Revenue Funds	499,019
Debt Service Fund - Due from Tax Collection Fund	<u>258,276</u>
Total interfund receivables	<u>\$ 2,112,766</u>

Charter Township of Milford

Notes to Financial Statements December 31, 2003

Note 5 - Land, Buildings, and Equipment

A summary of changes in general fixed assets follows:

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Land, buildings, and improvements	\$ 6,652,239	\$2,692,963	\$ -	\$ 9,345,202
Machinery, equipment, and vehicles	2,062,944	268,795	-	2,331,739
Office equipment and furniture	333,008	629,826	5,665	957,169
Total	<u>\$ 9,048,191</u>	<u>\$3,591,584</u>	<u>\$ 5,665</u>	<u>\$ 12,634,110</u>

Note 6 - Long-term Debt

Outstanding Debt

Long-term debt is comprised of the following:

	Number of Issues	Interest Rate	Maturing Through	Principal Remaining
General obligation bonds - 2000 Library and Police Facility - Building and Site Bonds	1	5.0-5.25%	2020	\$ 7,625,000

Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2003:

Balance - January 1, 2003	\$ 7,835,000
Debt payments	<u>(210,000)</u>
Balance - December 31, 2003	<u>\$ 7,625,000</u>

Charter Township of Milford

Notes to Financial Statements December 31, 2003

Note 6 - Long-term Debt (Continued)

Debt Service Requirements

The annual requirements to service all debt outstanding as of December 31, 2003, including both principal and interest, are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 250,000	\$ 385,048	\$ 635,048
2005	290,000	371,548	661,548
2006	310,000	356,548	666,548
2007	330,000	340,548	670,548
2008	350,000	323,548	673,548
2009 and thereafter	<u>6,095,000</u>	<u>2,114,609</u>	<u>8,209,609</u>
Total	<u>\$ 7,625,000</u>	<u>\$ 3,891,849</u>	<u>\$ 11,516,849</u>

Interest

The Township incurred approximately \$397,000 of interest expense during the year.

Note 7 - Defined Contribution Plan

The Township provides pension benefits for all of its full-time employees and firefighters through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Township employees are eligible to participate upon completion of six months of employment and firefighters are eligible upon hiring date. As established by the Township Board, the Township contributes an amount equal to 15 percent of the Township employee's base salary each month. The Township also contributes an amount equal to 15 percent of the firefighter's salary based on eligible hours. All participating employees shall have their benefits vested at the rate of 25 percent after one year of completed service and 25 percent for each additional year of completed service until 100 percent vested. In accordance with these requirements, the Township contributed approximately \$86,700 during the current year.

Note 8 - Postemployment Benefits

The Township provides health care benefits to all employees who retire after at least 20 years of continuous full-time service and who have attained at least the age of 55 in accordance with the Township's *Personnel Policy and Procedures Manual*. Currently, two retirees are eligible. The Township includes pre-Medicare retirees and their spouses in its insured health care plan, with no contribution required by the participant. Once the retiree is entitled to Medicare coverage, the Township shall provide the difference in coverage between coverages provided by Medicare and the retired employee's Township-provided insurance coverage. Expenditures for postemployment health care benefits approximated \$16,000 for the current year.

Note 9 - Risk Management

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

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

Charter Township of Milford

Notes to Financial Statements December 31, 2003

Note 10 - Construction Code Fees

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the activity since January 1, 2003 is as follows:

Shortfall at January 1, 2003		\$ (198,335)
Building permit revenue		197,467
Related expenses:		
Direct costs	\$ 247,452	
Estimated indirect costs	<u>35,079</u>	
Total construction code expenses		<u>282,531</u>
Cumulative shortfall at December 31, 2003		<u><u>\$ (283,399)</u></u>

Note 11 - Contingencies

In the normal course of its activities, the Township is involved in a variety of issues which lend themselves to potential legal exposure. The estimated liability associated with these issues, if any, cannot be determined; therefore, no liability has been recorded.

Note 12 - Upcoming Reporting Change

For the year beginning January 1, 2004, the Township plans to adopt GASB Statement Number 34. This will dramatically revise the information being reported in these financial statements. Governmental activities will report information by individually significant fund, as well as in total on the full accrual basis of accounting. Information is not available to present pro forma data that would show the effect of this future change.

Additional Information

To the Township Board
Charter Township of Milford
Oakland County, Michigan

We have audited the general purpose financial statements of the Charter Township of Milford as of and for the year ended December 31, 2003. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Charter Township of Milford. This information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Plante & Moran, PLLC

January 23, 2004

Charter Township of Milford

Special Revenue Funds Combining Balance Sheet December 31, 2003

	Refuse Collection	Fire Voted Millage Operations	Cemetery Improvement	Road	Total
Assets					
Cash and cash equivalents	\$ 144,412	\$ 921,157	\$ 12,402	\$ 351,657	\$ 1,429,628
Taxes receivable	160,543	437,265	-	-	597,808
Due from other funds	193,317	305,702	-	-	499,019
Total assets	<u>\$ 498,272</u>	<u>\$ 1,664,124</u>	<u>\$ 12,402</u>	<u>\$ 351,657</u>	<u>\$ 2,526,455</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable and other	\$ 34,193	\$ 21,592	\$ -	\$ -	\$ 55,785
Deferred revenue	353,860	742,967	-	-	1,096,827
Total liabilities	388,053	764,559	-	-	1,152,612
Fund Equity					
Fund balances - Reserved for tax appeals	-	35,042	-	-	35,042
Fund balances - Unreserved:					
Designated for capital outlay	-	50,000	-	-	50,000
Undesignated	110,219	814,523	12,402	351,657	1,288,801
Total fund balances	<u>110,219</u>	<u>899,565</u>	<u>12,402</u>	<u>351,657</u>	<u>1,373,843</u>
Total liabilities and fund balances	<u>\$ 498,272</u>	<u>\$ 1,664,124</u>	<u>\$ 12,402</u>	<u>\$ 351,657</u>	<u>\$ 2,526,455</u>

Charter Township of Milford

Special Revenue Funds - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2003

	Refuse Collection	Fire Voted Millage Operations	Cemetery Improvement	Road	Total
Revenue					
Property taxes	\$ -	\$ 714,400	\$ -	\$ -	\$ 714,400
Rubbish billings	311,818	-	-	-	311,818
Investment earnings	1,957	15,367	137	4,872	22,333
Intergovernmental service fees and other	-	50,005	1,510	-	51,515
Total revenue	313,775	779,772	1,647	4,872	1,100,066
Expenditures					
Capital outlay	-	265,950	23,529	-	289,479
Public safety	-	493,428	-	-	493,428
Public services	434,616	-	-	106,297	540,913
Total expenditures	434,616	759,378	23,529	106,297	1,323,820
Excess of Revenue Over (Under)					
Expenditures	(120,841)	20,394	(21,882)	(101,425)	(223,754)
Other Financing Sources (Uses)					
Operating transfers in	135,220	50,000	-	194,500	379,720
Operating transfers out	-	-	-	(125,000)	(125,000)
Total other financing sources (uses)	135,220	50,000	-	69,500	254,720
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses					
	14,379	70,394	(21,882)	(31,925)	30,966
Fund Balances - January 1, 2003	95,840	829,171	34,284	383,582	1,342,877
Fund Balances - December 31, 2003	\$ 110,219	\$ 899,565	\$ 12,402	\$ 351,657	\$1,373,843

Charter Township of Milford

Capital Projects Funds Combining Balance Sheet December 31, 2003

	<u>Library Construction</u>	<u>Police Construction</u>	<u>Land Acquisition</u>	<u>Total</u>
Assets - Cash and cash equivalents	<u>\$ -</u>	<u>\$ 224,946</u>	<u>\$ 259,705</u>	<u>\$ 484,651</u>
Fund Balances - Reserved for future construction and land acquisition	<u>\$ -</u>	<u>\$ 224,946</u>	<u>\$ 259,705</u>	<u>\$ 484,651</u>

Charter Township of Milford

Capital Projects Funds - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2003

	Library Construction	Police Construction	Land Acquisition	Total
Revenue - Investment earnings	\$ 8,776	\$ 7,494	\$ 2,137	\$ 18,407
Expenditures - Public services - Construction costs	<u>2,578,433</u>	<u>744,357</u>	<u>-</u>	<u>3,322,790</u>
Excess of Revenue Over (Under) Expenditures	(2,569,657)	(736,863)	2,137	(3,304,383)
Other Financing Sources - Operating transfers in	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures	(2,569,657)	(736,863)	52,137	(3,254,383)
Fund Balances - January 1, 2003	<u>2,569,657</u>	<u>961,809</u>	<u>207,568</u>	<u>3,739,034</u>
Fund Balances - December 31, 2003	<u><u>\$ -</u></u>	<u><u>\$ 224,946</u></u>	<u><u>\$ 259,705</u></u>	<u><u>\$ 484,651</u></u>

Charter Township of Milford

Agency Funds Combining Balance Sheet December 31, 2003

	Tax Collections	Other Agency	Total
Assets - Cash and cash equivalents	<u>\$ 4,704,048</u>	<u>\$ 872,489</u>	<u>\$ 5,576,537</u>
Liabilities			
Deposits	\$ -	\$ 22,596	\$ 22,596
Due to other funds	2,112,766	-	2,112,766
Due to other governmental units	-	849,893	849,893
Tax collections distributable	<u>2,591,282</u>	<u>-</u>	<u>2,591,282</u>
Total liabilities	<u>\$ 4,704,048</u>	<u>\$ 872,489</u>	<u>\$ 5,576,537</u>

Charter Township of Milford

Schedule of Indebtedness December 31, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				December 31 2003	2002
General Long-term Debt Account Group					
2000 Library and Police Facility					
Building and Site Bonds					
Date of issue - November 1, 2000					
Amount of issue - \$8,100,000					
	5.000	05/01/03	\$ 210,000	\$ -	\$ 210,000
	5.000	05/01/04	250,000	250,000	250,000
	5.000	05/01/05	290,000	290,000	290,000
	5.000	05/01/06	310,000	310,000	310,000
	5.000	05/01/07	330,000	330,000	330,000
	5.000	05/01/08	350,000	350,000	350,000
	5.000	05/01/09	365,000	365,000	365,000
	5.000	05/01/10	390,000	390,000	390,000
	5.000	05/01/11	410,000	410,000	410,000
	5.000	05/01/12	435,000	435,000	435,000
	5.100	05/01/13	460,000	460,000	460,000
	5.200	05/01/14	485,000	485,000	485,000
	5.200	05/01/15	515,000	515,000	515,000
	5.250	05/01/16	545,000	545,000	545,000
	5.250	05/01/17	575,000	575,000	575,000
	5.250	05/01/18	605,000	605,000	605,000
	5.250	05/01/19	635,000	635,000	635,000
	5.250	05/01/20	675,000	675,000	675,000
				<u>\$ 7,625,000</u>	<u>\$ 7,835,000</u>
Total General Long-term Debt Account Group					