

NORTHFIELD TOWNSHIP

Report on Audit of Financial Statements

For the Year Ended June 30, 2018

NORTHFIELD TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - Marlene Chockley
Clerk - Kathy Manley
Treasurer - Lenore Zelenock

TOWNSHIP BOARD

Tawn Beliger
Janet Chick
Marlene Chockley
Wayne Dockett
Kathy Manley
Jacquelyn Otto
Lenore Zelenock

TOWNSHIP ATTORNEYS

Paul E. Burns

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

November 13, 2018

To the Board of Trustees
Northfield Township
8350 Main Street
Whitmore Lake, Michigan 48189

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northfield Township, Michigan, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northfield Township, Michigan, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 - 12 and 51 - 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northfield Township, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis
June 30, 2018

Within this section of Northfield Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2018. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report as other supplementary information.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net position at the end of the fiscal year was \$19,369,312. This is a \$1,204,046 increase over last year's net position of \$18,165,266. This increase is typical for the Township.

The following tables provide a summary of the Township's financial activities and changes in net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Assets						
Current and other assets	\$ 3,270,670	\$ 3,016,158	\$ 3,879,663	\$ 3,390,071	\$ 7,150,333	\$ 6,406,229
Capital assets	7,375,486	7,634,588	8,631,991	8,903,481	16,007,477	16,538,069
Total assets	<u>10,646,156</u>	<u>10,650,746</u>	<u>12,511,654</u>	<u>12,293,552</u>	<u>23,157,810</u>	<u>22,944,298</u>
Deferred outflows of resources						
Pension	<u>73,062</u>	<u>134,285</u>			<u>73,062</u>	<u>134,285</u>
Liabilities						
Other liabilities	750,271	825,613	170,611	119,365	920,882	944,978
Long-term liabilities	<u>1,848,662</u>	<u>2,700,310</u>	<u>997,498</u>	<u>1,224,690</u>	<u>2,846,160</u>	<u>3,925,000</u>
Total liabilities	<u>2,598,933</u>	<u>3,525,923</u>	<u>1,168,109</u>	<u>1,344,055</u>	<u>3,767,042</u>	<u>4,869,978</u>
Deferred inflows of resources						
Pension	<u>94,518</u>	<u>43,339</u>			<u>94,518</u>	<u>43,339</u>
Net position:						
Invested in capital assets, net of debt	7,520,897	4,934,278	7,520,897	7,678,791	15,041,794	12,613,069
Restricted	1,866,880	1,337,695	2,023,518	2,061,651	3,890,398	3,399,346
Unrestricted	<u>(1,362,010)</u>	<u>943,796</u>	<u>1,799,130</u>	<u>1,209,055</u>	<u>437,120</u>	<u>2,152,851</u>
Total net position	<u>\$ 8,025,767</u>	<u>\$ 7,215,769</u>	<u>\$ 11,343,545</u>	<u>\$ 10,949,497</u>	<u>\$ 19,369,312</u>	<u>\$ 18,165,266</u>

Summary of Changes in Net Position

	Governmental		Business-type		Total	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Revenues:						
Program revenues:						
Charges for services	\$ 394,381	\$ 505,407	\$ 1,340,524	\$ 1,356,181	\$ 1,734,905	\$ 1,861,588
Operating grants and contributions	273,212	287,057			273,212	287,057
Capital grants and contributions	150		25,019	28,400	25,169	28,400
General revenues:						
State revenues	734,891	731,574			734,891	731,574
Property taxes	2,744,711	2,641,385			2,744,711	2,641,385
Interest	10,245	2,377	67,197	75,200	77,442	77,577
Other	617,279	369,173	124,252	5,589	741,531	374,762
Gain on sale of assets	46,933				46,933	
Total revenues	4,821,802	4,536,973	1,556,992	1,465,370	6,378,794	6,002,343
Expenses						
General government	994,316	993,629			994,316	993,629
Fire protection	683,441	949,852			683,441	949,852
Police protection	1,810,044	1,790,994			1,810,044	1,790,994
Community center/community development	170,954	147,549			170,954	147,549
Public works/roads	289,557	176,469			289,557	176,469
Interest on long-term debt	63,492	73,953			63,492	73,953
Sewer system			1,162,944	1,338,813	1,162,944	1,338,813
Total expenses	4,011,804	4,132,446	1,162,944	1,338,813	5,174,748	5,471,259
Changes in net position	809,998	404,527	394,048	126,557	1,204,046	531,084
Beginning net position	7,215,769	6,811,242	10,949,497	10,822,940	18,165,266	17,634,182
Ending net position	\$ 8,025,767	\$ 7,215,769	\$ 11,343,545	\$ 10,949,497	\$ 19,369,312	\$ 18,165,266

Financial Analysis of the Township’s Funds

The Township’s General Fund had revenues over expenditures totaling \$356,541. General Fund income increased by \$216,046 over the previous year, due mostly to the receipt of the Connecting Communities Grant, which reimbursed the Township for work on the Non-Motorized Path which had been completed in the previous year.

The other major governmental funds of the Township are the Law Enforcement Fund and Fire Fund.

The revenues exceeded expenditures for the Fire Fund in the amount of \$183,411 which is about the same as last year. The Fire Fund saw a decrease in Grant Income and Grant Expense in 2018. Additionally, lower capital outlay expenditures and no transfers in from other funds, explain the decreases in income and expenses for the Fire Fund.

The Law Enforcement Fund had expenditures over revenues of \$71,736. The Law Enforcement Fund saw increases in legal, computer, repair, and building allocation expenses, which contributed to the \$71,778 increase over prior year expenses.

The Township’s sole proprietary fund, the Sewage Disposal System Fund, reported a net gain of \$394,048. The Sewer Fund received Grant income of \$116,519 in 2018, increasing revenue and the net gain over the previous year.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Total actual expenditures were more than budgeted appropriations in a couple of activities. The budget was amended during the year to account for immaterial amounts in order to bring it closer to economic reality.

Capital Asset and Debt Administration

The governmental funds purchased \$88,260 of capital assets. Acquisitions included:

\$	75,325	Non-motorized trail (construction in progress)
	12,935	Police equipment

The business-type funds purchased an air conditioner and a grit classifier/conveyor for \$71,878. No assets were disposed of.

The governmental funds made debt payments of \$486,404 during the year reducing the total outstanding debt to \$2,213,906.

The business-type funds made debt payments of \$113,596 during the year making the total outstanding \$1,111,094.

Economic Conditions and Future Activities

After several years of fluctuations in State Revenues sources, the Township saw an increase this year.

The Township also received several grants this year.

Management is hopeful taxable values continue to increase as they have this year.

Contacting the Township’s Financial Management

This report is designed to provide a general overview of the Township’s financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Northfield Township at 8350 Main Street, Whitmore Lake, MI 48189.

BASIC FINANCIAL STATEMENTS

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 2,951,511	\$ 1,460,420	\$ 4,411,931
Cash and investments - restricted		1,173,024	1,173,024
Receivables			
Taxes	11,220		11,220
Grants	3,528		3,528
State shared revenues	148,792		148,792
Accounts	20,329	388,375	408,704
Interest	1,006	2,789	3,795
Special assessments - restricted		850,494	850,494
Prepaid expenses	108,986	930	109,916
Intergovernmental	(3,631)	3,631	
Land contract receivable			
Current	3,214		3,214
Non-current	25,715		25,715
Capital assets, not being depreciated			
Non-depreciated	853,231	226,918	1,080,149
Depreciated, net	6,522,255	8,405,073	14,927,328
Total assets	10,646,156	12,511,654	23,157,810
DEFERRED OUTFLOW OF RESOURCES			
Pension activities	73,062		73,062
DEFERRED INFLOW OF RESOURCES			
Pension expense	94,518		94,518
LIABILITIES			
Accounts payable	71,317	28,283	99,600
Accrued compensated absences	197,550	28,732	226,282
Net pension liability	116,160		116,160
Long term obligations			
Due within one year	481,404	113,596	595,000
Due beyond one year	1,732,502	997,498	2,730,000
Total liabilities	2,598,933	1,168,109	3,767,042
NET POSITION			
Invested in capital assets, net of related debt	7,520,897	7,520,897	15,041,794
Restricted	1,866,880	2,023,518	3,890,398
Unrestricted	(1,362,010)	1,799,130	437,120
Total net position	\$ 8,025,767	\$ 11,343,545	\$ 19,369,312

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES							
General government	\$ (994,316)	\$ 346,659	\$ 233,766	\$	\$ (413,891)	\$	\$ (413,891)
Fire protection	(683,441)	19,773	39,446	150	(624,072)		(624,072)
Police protection	(1,810,044)	27,949			(1,782,095)		(1,782,095)
Community center/recreation	(170,954)				(170,954)		(170,954)
Public works/roads	(289,557)				(289,557)		(289,557)
Interest on long-term debt	(63,492)				(63,492)		(63,492)
Total governmental activities	<u>(4,011,804)</u>	<u>394,381</u>	<u>273,212</u>	<u>150</u>	<u>(3,344,061)</u>		<u>(3,344,061)</u>
BUSINESS-TYPE ACTIVITIES							
Sewer system	(1,162,944)	1,340,524		25,019		202,599	202,599
Total	<u>\$ (5,174,748)</u>	<u>\$ 1,734,905</u>	<u>\$ 273,212</u>	<u>\$ 25,169</u>	<u>(3,344,061)</u>	<u>202,599</u>	<u>(3,141,462)</u>
General revenues							
Property taxes					2,744,711		2,744,711
State revenue sources					734,891		734,891
Interest income - cash and equivalents					10,245	5,578	15,823
Interest income - special assessments						61,619	61,619
Franchise fees					95,857		95,857
Rental income					297,136		297,136
Fines and forfeitures					179,954		179,954
Other income					44,332	124,252	168,584
Gain (loss) on sale of assets					46,933		46,933
Total general revenues					<u>4,154,059</u>	<u>191,449</u>	<u>4,345,508</u>
Changes in net position					809,998	394,048	1,204,046
Net position, July 1, 2017					<u>7,215,769</u>	<u>10,949,497</u>	<u>18,165,266</u>
Net position, June 30, 2018					<u>\$ 8,025,767</u>	<u>\$11,343,545</u>	<u>\$19,369,312</u>

The notes of the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Law Enforcement Fund	Fire Fund	Nonmajor Funds	Totals
ASSETS					
Cash and investments	\$ 888,292	\$ 460,806	\$ 1,014,470	\$ 587,943	\$ 2,951,511
Receivables					
Taxes receivable	1,832	5,708	2,546	1,134	11,220
Grant receivable			3,528		3,528
State shared revenues	148,792				148,792
Accounts	14,274				14,274
Interest			1,006		1,006
Library	28,929				28,929
Due from other funds	5,955			7,384	13,339
Prepaid expenditures	107,711	319	637	319	108,986
Total assets	\$ 1,195,785	\$ 466,833	\$ 1,022,187	\$ 596,780	\$ 3,281,585
LIABILITIES					
Accounts payable	\$ 15,256	\$ 4,381	\$ 5,724	\$ 13,905	\$ 39,266
Due to other funds	5,816	7,232	52	260	13,360
Due to others	28,824	740	42		29,606
Total liabilities	49,896	12,353	5,818	14,165	82,232
FUND BALANCE					
Nonspendable - prepaid items	107,711	319	637	319	108,986
Nonspendable - library receivable	28,929				28,929
Restricted - fire			1,015,732		1,015,732
Restricted - law enforcement		454,161		362,098	816,259
Restricted - community development				34,889	34,889
Committed - debt service				14,096	14,096
Committed - building department				95,950	95,950
Committed - public safety				26,984	26,984
Assigned for future budget deficit	15,134			48,279	63,413
Unassigned	994,115				994,115
Total fund balances	1,145,889	454,480	1,016,369	582,615	3,199,353
Total liabilities and fund balances	\$ 1,195,785	\$ 466,833	\$ 1,022,187	\$ 596,780	\$ 3,281,585

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018**

Total fund balance per balance sheet	\$ 3,199,353
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>	
Historical cost	\$ 12,199,376
Accumulated depreciation	<u>(4,823,890)</u>
Capital assets net of accumulated depreciation	7,375,486
<p>Pension related activities are not a consumption of current resources and therefore are reported as deferred outflows of resources in the Statement of Net Position.</p>	
Investments deficient (in excess) of projections	(44,920)
Differences in actuarial assumptions	43,238
Differences in actuarial experience to actual	(49,598)
Contributions subsequent to measurement date	<u>29,824</u>
Deferred outflows of resources related to pension activities	(21,456)
<p>Pension liabilities, net of pension plan fiduciary net position, are not due and payable in the current period and are not reported in the fund financial statements.</p>	
Net pension liability	(116,160)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:</p>	
Long-term debt	(2,213,906)
Compensated absences	<u>(197,550)</u>
Total	<u>(2,411,456)</u>
Net position of governmental activities	<u><u>\$ 8,025,767</u></u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Law Enforcement Fund</u>	<u>Fire Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
REVENUES					
Taxes	\$ 268,948	\$ 1,514,022	\$ 682,218	\$ 279,523	\$ 2,744,711
Grant	233,766		39,446		273,212
State revenues	717,526	7,790	6,772	2,803	734,891
Licenses and permits		3,437		86,582	90,019
Contributions			150		150
Rental income				416,114	416,114
Franchise fees	95,857				95,857
Charges for services	257,537	24,512	19,773	2,540	304,362
Fines and forfeitures		18,358		161,596	179,954
Interest	5,571		4,674		10,245
Other income	23,909	2,083	1,657	16,683	44,332
Total revenues	<u>1,603,114</u>	<u>1,570,202</u>	<u>754,690</u>	<u>965,841</u>	<u>4,893,847</u>
EXPENDITURES					
Current:					
General government	774,073			235,803	1,009,876
Fire rescue			623,247		623,247
Police protection		1,630,713		72,770	1,703,483
Community center	107,863				107,863
Roads	237,732				237,732
Public works	37,862			13,963	51,825
Capital outlay:					
Recreation	75,325				75,325
Police protection		12,935			12,935
Debt service:					
Principal				486,404	486,404
Interest/fees				63,492	63,492
Total expenditures	<u>1,232,855</u>	<u>1,643,648</u>	<u>623,247</u>	<u>872,432</u>	<u>4,372,182</u>
Excess of revenues over (under) expenditures	<u>370,259</u>	<u>(73,446)</u>	<u>131,443</u>	<u>93,409</u>	<u>521,665</u>

NORTHFIELD TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - continued
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Law Enforcement Fund	Fire Fund	Nonmajor Funds	Total
OTHER FINANCING SOURCES (USES)					
Sale of assets		1,710	38,250	8,190	48,150
Transfers in			13,718		13,718
Transfers (out)	(13,718)				(13,718)
Total other financing sources (uses)	(13,718)	1,710	51,968	8,190	48,150
Net changes in fund balances	356,541	(71,736)	183,411	101,599	569,815
FUND BALANCE, JULY 1, 2017	789,348	526,216	832,958	481,016	2,629,538
FUND BALANCE, JUNE 30, 2018	\$ 1,145,889	\$ 454,480	\$ 1,016,369	\$ 582,615	\$ 3,199,353

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances - governmental funds \$ 569,815

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which capital outlay exceeded depreciation and losses on disposal is as follows:

Capital outlay	\$ 88,260
Loss on sale of assets	(1,217)
Depreciation expense	<u>(346,145)</u>

Total (259,102)

Some pension contributions in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.

Pension expense (15,836)

Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of:

Bonds/contracts payable	486,404
-------------------------	---------

Accrued absences for vacation for the employees is recorded on the Statement of Net Assets 28,717

Change in net position of governmental activities \$ 809,998

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018**

	Sewage Disposal System Fund	
CURRENT ASSETS		
Cash	\$ 914,098	
Investments	546,322	
Sewer billings receivable	365,505	
Interest receivable	2,789	
Due from other funds	3,631	
Prepaid expenses	930	
Other receivables	22,870	
Total current assets		\$ 1,856,145
RESTRICTED ASSETS		
Cash	1,156,357	
Investments	16,667	
Special assessments receivable - capital and debt	850,494	
Total restricted assets		2,023,518
PLANT, PROPERTY AND EQUIPMENT		
Non-depreciated	226,918	
Depreciated, net	8,405,073	
Net plant, property, and equipment		8,631,991
Total assets		12,511,654
CURRENT LIABILITIES		
Accounts payable	28,283	
Accrued compensated absences	28,732	
Bonds payable - current portion	113,596	
Total current liabilities		170,611
LONG-TERM LIABILITIES		
Bonds payable - less current portion		997,498
Total liabilities		1,168,109
NET POSITION		
Invested in capital assets, net of related debt	7,520,897	
Restricted for capital and debt	2,023,518	
Unrestricted	1,799,130	
Total net position		\$ 11,343,545

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	Sewage Disposal System Fund
OPERATING REVENUES	
User charges	\$ 1,340,524
OPERATING EXPENSES	
Salaries and wages	\$ 251,218
Employee benefits/payroll taxes	109,026
Depreciation	343,368
Other operating expenses	418,799
Total operating expenses	1,122,411
Operating income	218,113
NON-OPERATING REVENUES AND (EXPENSES)	
Interest income - cash and cash equivalents	5,578
Interest income - special assessments	61,619
Other revenues	124,252
Interest expense	(39,133)
Bond fees	(1,400)
Total non-operating revenues and (expenses)	150,916
Net income before capital contributions	369,029
CAPITAL CONTRIBUTIONS	
Connection fees	25,019
Change in net position	394,048
NET POSITION, JULY 1, 2017	10,949,497
NET POSITION, JUNE 30, 2018	\$ 11,343,545

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP

**STATEMENT OF CASH FLOWS
SEWAGE DISPOSAL SYSTEM FUND
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,364,036	
Cash payments to employees	(278,448)	
Cash payments to suppliers of goods and services	(563,875)	
Net cash provided by operating activities		\$ 521,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Connection fees received	25,019	
Special assessments and interest received	355,526	
Other revenue (expense)	124,252	
Acquisition of capital assets	(71,878)	
Repayment of principal on bonds/contracts	(154,129)	
Investment activity	(522,000)	
Net cash (used in) capital and related financing activities		(243,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and cash equivalents		625
Net increase in cash and cash equivalents		279,128
CASH AND CASH EQUIVALENTS AT, JULY 1, 2017		1,791,327
CASH AND CASH EQUIVALENTS AT, JUNE 30, 2018		\$ 2,070,455
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income		\$ 218,113
Adjustments to reconcile operating income to net cash (used in) operating activities:		
Depreciation	\$ 343,368	
Change in assets and liabilities:		
(Increase) decrease in receivables	23,512	
(Increase) decrease in prepaid expenses	(930)	
Increase (decrease) in accounts payable/accrued compensated absences	(62,350)	
Total adjustments		303,600
Net cash provided by operating activities		\$ 521,713

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP

**STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 65,593
Due from others	5,564
Due from other funds	<u>2,445</u>
Total assets	<u><u>\$ 73,602</u></u>
LIABILITIES	
Due to other funds	\$ 6,055
Due to others	<u>67,547</u>
Total liabilities	<u><u>\$ 73,602</u></u>

The notes of the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB standards, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. 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. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township'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 Law Enforcement Fund accounts for all the activity associated with providing police protection services. This fund is primarily supported through the collection of property taxes.

The Fire Fund accounts for all the activity associated with providing fire and medical rescue services. This fund is primarily supported through the collection of property taxes.

The Township reports the following major enterprise fund:

The Sewage Disposal System Fund accounts for all the activity associated with the operations and maintenance of a sewage treatment system.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source. The former being a decrease in fund balances and the later being an increase in fund balances.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total proprietary funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the proprietary funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Proprietary funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, proprietary funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains three agency funds. One accounts for the collection and disbursement of property taxes, another is a clearing account for payroll transactions and the final one accounts for monies held in escrow for certain development projects.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered a capital asset regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

D. ACCRUED COMPENSATED ABSENCES

The Township has recorded a liability for compensated absences. The policies regarding compensated absences are outlined in the Township's "Rules of Employment".

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. BUDGETARY DATA

The Board of Trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The Township manager and the supervisor prepare the annual budget with information received from the controller and department heads. The proposed budget is then submitted for discussion and approved by the entire Township Board. The budget is approved by activity rather than line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township Board at any of their regular meetings. Budget appropriations made, but not expended by year end, will lapse with the fiscal year end.

For the year ended June 30, 2018, expenditures exceeded appropriations in several departments in the General Fund and the Law Enforcement Fund.

F. PROPERTY TAXES

Property tax revenues are recognized in the fiscal year for which the taxes are levied. Property taxes are levied on December 1 each year. These taxes become liens on the property at that date. These taxes are due on February 14, with the final collection date of February 28. The delinquent real property taxes of Northfield Township are purchased by Washtenaw County. The county sold tax notes, the proceeds of which will be used to pay the Township for these property taxes. The 2017 adjusted taxable value of the Township totaled \$341,116,761. The Township levied the following millages during the current fiscal year ended June 30, 2018:

General operating	0.7885
Fire	2.0000
Police	4.4385
Public safety building	<u>0.8195</u>
Total millage	<u><u>8.0465</u></u>

G. OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted but reported separate from revenues and expenditures as transfers in or (out) unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund.

H. INVESTMENTS

Investments are stated at market value.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

I. CASH AND INVESTMENTS

Cash and investments include amounts in demand deposits and time deposits, including both negotiable and non-negotiable certificates of deposit.

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

J. USE OF 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.

K. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

L. RECEIVABLES

When necessary the Township utilizes an allowance for uncollectable accounts to value its receivables. The Township considers all of its trade and special assessment receivables to be collectable.

M. EQUITY

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, contributors, by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Township Board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the Township Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the Township policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position is reported as restricted when constraints placed on net positions are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

N. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Under GASB standards the Township will report two sections in the Statement of Net Position (Government-Wide Statements) and in the Balance Sheet (Fund Statements) which are called Deferred Outflow (previously called assets).

These separate financial statement elements which meet the definition of deferred outflow are no longer considered assets.

Deferred outflow of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met.

For the year ended June 30, 2018 the Township records deferred outflow of resources relating to pension differences in expected investment returns compared to actual, changes in experience, and changes in actuarial assumptions. In addition, the Township records deferred outflow of resources for pension contributions made subsequent to Net Pension Liability measurement date of December 31, 2017.

In addition to liabilities, the Statement of Net Position and governmental fund balance sheet will report a separate section for deferred inflow of resources. Deferred inflow of resources represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflow/(inflow) of resources related to pension activities as of June 30, 2018 are as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences in experience	\$	\$ (49,598)
Differences in actuarial assumptions	43,238	
Differences in investment expectations versus actual		(44,920)
Contributions made subsequent to pension liability measurement date	29,824	
Totals	<u>\$ 73,062</u>	<u>\$ (94,518)</u>

O. DEFINED PENSION BENEFIT PLAN

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations are considered to be part of the reporting entity for financial statement purposes.

The criteria established by GASB Statement No. 39 for various governmental organizations to be included in the reporting entity's financial statements include accountability, control, and significant financial relationships.

The accompanying financial statements of Northfield Township as of June 30, 2018, include any and all boards, agencies, funds and account groups under the jurisdiction of the Northfield Township Board.

NOTE 3 - LAND CONTRACT RECEIVABLE - NORTHFIELD TOWNSHIP AREA LIBRARY

On May 15, 1989, the Township entered into a land contract with the Northfield Township Library Board for the purchase of property commonly known as the "Dodge House". This transaction, which represents monies expended from the Northfield Township general fund, was in the original amount of \$112,500, and is to be amortized over thirty-five (35) years, without interest. Annual installments of \$3,214 started on February 22, 1993. The total outstanding balance at June 30, 2018 was \$28,929.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2018 was as follows:

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 853,231	\$	\$	\$ 853,231
Construction in progress	336,436	75,325	(411,761)	<u> </u>
Total cost - assets not being depreciated	<u>1,189,667</u>	<u>75,325</u>	<u>(411,761)</u>	<u>853,231</u>
Capital assets being depreciated:				
Buildings	8,659,747	411,761		9,071,508
Equipment	2,412,293	12,935	(150,591)	<u>2,274,637</u>
Total cost	<u>11,072,040</u>	<u>424,696</u>	<u>(150,591)</u>	<u>11,346,145</u>
Less accumulated depreciation for:				
Buildings	(2,634,984)	(219,650)		(2,854,634)
Equipment	(1,992,135)	(126,495)	149,374	<u>(1,969,256)</u>
Total accumulated depreciation	<u>(4,627,119)</u>	<u>(346,145)</u>	<u>149,374</u>	<u>(4,823,890)</u>
Capital assets being depreciated, net	<u>6,444,921</u>	<u>78,551</u>	<u>(1,217)</u>	<u>6,522,255</u>
Governmental activities capital assets, net	<u>\$ 7,634,588</u>	<u>\$ 153,876</u>	<u>\$ (412,978)</u>	7,375,486
Related long-term debt outstanding at June 30, 2018				<u>(2,213,906)</u>
Governmental activities capital assets, net of related long-term debt				<u>\$ 5,161,580</u>

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 4 - CAPITAL ASSETS - continued

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 226,918	\$	\$	\$ 226,918
Construction in progress	637,331		(637,331)	
Total capital assets not being depreciated	864,249		(637,331)	226,918
Capital assets being depreciated:				
Plant and equipment	14,911,991	709,209		15,621,200
Less accumulated depreciation for:				
Plant and equipment	(6,872,759)	(343,368)		(7,216,127)
Capital assets being depreciated, net	8,039,232	365,841		8,405,073
Business-type activities capital assets, net	\$ 8,903,481	\$ 365,841	\$ (637,331)	8,631,991
Related long-term debt outstanding as of June 30, 2018				(1,111,094)
Business-type activities capital assets net of related debt				\$ 7,520,897

Depreciation expense was distributed to the various activities as follows:

Governmental activities:	
General government	\$ 10,958
Fire protection and medical rescue	104,759
Police protection	167,337
Recreation	55,518
Community center	7,573
Subtotal	346,145
 Business-type activities:	
Sewer service	343,368
Total	\$ 689,513

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of the Township's governmental activity long-term debt:

Bonds Payable

1. General Obligation Unlimited Tax Refunding bonds were issued on July 30, 2012 for \$2,415,000 to refund the 2001 bonds related to the financing of the Public Safety Building. Principal payments range from \$215,000 to \$265,000 due annually in April and maturing on April 2022. Interest is charged at 2.35%, payable semi-annually. The outstanding balance of the bonds at June 30, 2018 was \$1,015,000.

2. General Obligation Limited Tax Refunding bonds were issued on July 30, 2012 for \$2,930,000 to refund the 2002 and 2003 bonds related to the financing of the Public Safety Building (84.43%) as well as the Seven Mile Sewer Project (15.57%). Principal payments range from \$223,000 to \$300,000 due annually in April and maturing on April 2023. Interest is charged at 2.35%, payable semi-annually. The governmental fund outstanding balance of the bonds at June 30, 2018 was \$1,198,906.

The following is a schedule of changes in the long-term obligations of government fund activities:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018	Amount Due Within One Year
<u>Bonds Payable</u>					
1. General Obligation Bond, Series 2012 Refunding of 7 Mile Extension	\$1,265,000	\$	\$ (250,000)	\$1,015,000	\$ 245,000
2. General Obligation Bond, Series 2012 Refunding of 2002/2003 Public Safety Building Bonds	1,435,310		(236,404)	1,198,906	236,404
Total bonds payable	2,700,310		(486,404)	2,213,906	481,404
<u>Compensated absences</u>					
General government	226,267		(28,717)	197,550	20,995
Governmental activities long term obligations	\$2,926,577	\$	\$ (515,121)	\$2,411,456	\$ 502,399

The following is a schedule of principal and interest payments to service the governmental long-term obligations of the Township:

	Bonds Payable	
	Principal	Interest
Year Ending:		
2019	\$ 481,404	\$ 52,027
2020	477,183	40,714
2021	518,290	29,500
2022	509,068	17,320
2023	227,961	5,357
Totals	\$2,213,906	\$ 144,918

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM OBLIGATIONS - continued

The following is a summary of bonds payable debt for the business-type activities:

1. Loan payable to Michigan Municipal Bond Authority to finance the refunding bonds for the 1992 Junior Lien bonds originally issued in 1992. A net present value savings of \$84,344 was created by issuing these refunding bonds due to a decrease in interest rates. Principal payable in annual installments ranging from \$30,000 to \$45,000 starting April 2006, and maturing on April 2022. Interest is paid semi-annually charged at 2.00% to 5.00%. Outstanding balance of the bonds was \$180,000 at June 30, 2018.
2. General Obligation Limited Tax Refunding bonds were issued on July 30, 2012 for \$2,930,000 to refund the 2002 and 2003 bonds related to the financing of the Public Safety Building (84.43%) as well as the Seven Mile Sewer Project (15.57%). Principal payments range from \$223,000 to \$300,000 due annually in April and maturing on April 2023. Interest is charged at 2.35%, payable semi-annually. The business-type fund outstanding balance portion of the bonds at June 30, 2018 was \$221,094.
3. General Obligation Limited Tax Special Assessment Bonds were issued on February 10, 2017 for \$760,000 to finance the construction of the Whitmore Lake Sewer Special Assessment District. Principal payments of \$25,000 and \$55,000 are due annually beginning April 2017 and maturing in April 2035. Interest is paid semi-annually at 2.00% to 4.00%. The outstanding balance portion of the bonds at June 30, 2018 was \$710,000.

The following is a schedule of changes in the long-term debt of business-type activities:

Bonds Payable	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018	Amount Due Within One Year
1. General Obligation Bond, Series 2004B (1992 Junior Lien refunding)	\$ 225,000	\$	\$ (45,000)	\$ 180,000	\$ 45,000
2. General Obligation Bond, Series 2012 (7 Mile Extension refunding)	264,690		(43,596)	221,094	43,596
3. General Obligation Bond, Series 2016 (Whitmore Lake SAD)	735,000		(25,000)	710,000	25,000
Total bonds payable	1,224,690		(113,596)	1,111,094	113,596
Compensated absences					
Business-type	36,117		(7,385)	28,732	1,372
Total business-type activities long-term debt	<u>\$1,260,807</u>	<u>\$</u>	<u>\$ (120,981)</u>	<u>\$1,139,826</u>	<u>\$ 114,968</u>

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 - LONG-TERM OBLIGATIONS - continued

The following is a schedule of principal and interest payments to service the business-type long term obligations of the Township:

Year Ending:	Bonds Payable		
	Principal	Interest	Total
2019	\$ 113,596	\$ 35,640	\$ 149,236
2020	112,818	32,090	144,908
2021	116,710	28,446	145,156
2022	120,931	24,711	145,642
2023	72,039	20,782	92,821
2024 - 2028	205,000	84,064	289,064
2029 - 2033	260,000	47,332	307,332
2034 - 2035	110,000	5,982	115,982
Totals	\$1,111,094	\$ 279,047	\$1,390,141

NOTE 6 - DEFINED CONTRIBUTION PENSION PLAN

The Township participates in a defined contribution plan for full-time employees and is a fully insured plan funded by both employer (2/3) and employee (1/3) contributions. Under the plan the employee is allowed to contribute pre-tax dollars up to 10% of their annual compensation. All participants are vested 100% immediately. The Northfield Township Area Library participates with the Township in this plan and is included in all subsequent data regarding the plan.

A participant includes all full-time employees as of the beginning of the anniversary date or June 1st of each year. The annual contributions are based on the following formula:

Employer contributes	10% of wages
Employee contributes	<u>5%</u> of wages
Annual contribution to pension plan	<u>15%</u> of wages

The plan managed through John Hancock Financial, "Group Pension Plan" #GN 53402, was closed during the year, with all plan assets transferred to a new MERS Defined Contribution plan. The plan contribution provisions for the MERS Defined Contribution plan remained consistent with the prior John Hancock plan.

A summary of the plans' activity for the period July 1, 2017 to June 30, 2018, are as follows:

	John Hancock	MERS	Total
Current year contributions			
Township portion	\$ 35,912	\$ 27,442	\$ 63,354
Employee portion	17,945	13,721	31,666
Total contributions	\$ 53,857	\$ 41,163	\$ 95,020

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - DEFINED BENEFIT PLAN

Plan Description

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

Benefits Provided

The defined benefit plan is open to all full-time union police officers. The plan calls for benefits to be paid as 2.25% of the final average compensation for each year of service, with a maximum of 80%. Final average compensation is calculated based on the employees final 3 years wages. The plan has a vesting period of 6 years, with normal retirement at age 60. Early retirement is available at age 55 with 20 years of continuous service with normal benefits or at age 55 with 15 years of continuous service or age 50 with 25 years of continuous service with reduced benefits.

Employees covered by benefit terms

At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>11</u>
	<u>14</u>

Contributions

The Township is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The Township contributes 10% of covered wages, with the enrolled employees contributing the remainder of the actuarial determined rate. The employee contribution for the year ended June 30, 2018 was 3.70% of eligible wages to fund the plan. The Township contributed \$61,501 to the plan during the reporting period.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - DEFINED BENEFIT PLAN - continued

Actuarial assumptions

The total pension liability in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.

Salary increases: 3.75%

Investment rate of return: 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with price inflation of 2.5%.

Mortality rates used were based on the 2014 Healthy Annuitant Annuity Mortality table, Employee Mortality table, and Juvenile Mortality table with a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009 to 2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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 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	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 8.00% for 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - DEFINED BENEFIT PLAN - continued

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at 12/31/2016	\$ 1,916,882	\$ 1,704,156	\$ 212,726
Changes for the year			
Service cost	81,945		81,945
Interest on total pension liability	156,628		156,628
Changes in benefits	(628)		(628)
Difference between expected and actual experience	(14,230)		(14,230)
Changes in assumptions			
Employer contributions		62,943	(62,943)
Employee contributions		27,551	(27,551)
Net investment income		233,466	(233,466)
Benefit payments, including employee refunds			
Administrative expense		(3,679)	3,679
Other changes			
Net changes	<u>223,715</u>	<u>320,281</u>	<u>(96,566)</u>
Balances as of 12/31/2017	<u>\$ 2,140,597</u>	<u>\$ 2,024,437</u>	<u>\$ 116,160</u>

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% point lower (7.00%) or 1% higher (9.00%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>7.00%</u>	<u>8.00%</u>	<u>9.00%</u>
Net Pension Liability at 12/31/2017	\$ 116,160	\$ 116,160	\$ 116,160
Changes in Net Pension Liability (NPL) from change in discount rate	<u>398,866</u>		<u>(321,663)</u>
Calculated NPL	<u>\$ 515,026</u>	<u>\$ 116,160</u>	<u>\$ (205,503)</u>

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 - DEFINED BENEFIT PLAN - continued

Pension Expense and Deferred Outflow/Inflow of Resources Related to Pension

For the year ended June 30, 2018, the Township recognized pension expense of \$77,337. The Township reported deferred outflow and inflow of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Totals
Differences in experience	\$	\$ (49,598)	\$ (49,598)
Differences in assumptions	43,238		43,238
Excess (Deficit) of investment returns		(44,920)	(44,920)
Total to be amortized as pension expense	43,238	(94,518)	(51,280)
Contributions subsequent to the measurement date	29,824		29,824
Totals	\$ 73,062	\$ (94,518)	\$ (21,456)

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

Year Ended	Expense
2019	\$ 3,068
2020	(1,616)
2021	(29,934)
2022	(19,498)
2023	(765)
2024-2025	(2,535)
Total	\$ (51,280)

The amounts reported as deferred outflow of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ended June 30, 2018.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8 - INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivables and payables exist at June 30, 2018. These represent short-term borrowings and amounts owed for reimbursements between other funds.

The following is a summary of the outstanding borrowings between the various funds of the Township:

	Interfund Receivable		Interfund Payable
General Fund	\$ 4,191	Trust and Agency Fund	\$ 4,191
General Fund	1,764	Payroll Fund	1,764
Sewer Fund	3,631	General Fund	3,631
Trust and Agency Fund	2,130	General Fund	2,130
Current Tax Fund	55	General Fund	55
Fire Station #2 Fund	5,271	Law Enforcement Fund	5,271
Federal Narcotics Fund	1,961	Law Enforcement Fund	1,961
Fire Station #2 Fund	52	Medical Reserve Fund	52
Building Department Fund	100	Trust and Agency Fund	100
Trust and Agency Fund	260	Building Department Fund	260
Total interfund balances	\$ 19,415		\$ 19,415

Interfund transfers for the year ended June 30, 2018 were as follows:

Transfer In	Transfer Out	Purpose	Amount
Fire Fund	General Fund	Pay operating expenditures	\$ 13,718

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, (Public Act 20 of 1943, as amended) authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers acceptance of United States banks, commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

As of June 30, 2018 deposits and investments consist of the following:

	Total	Cash	Investments
Deposits			
Checking accounts	\$ 4,736,790	\$ 4,736,790	\$
Money market accounts	714	714	
	4,737,504	4,737,504	
Investments			
Negotiable certificates of deposit	1,042,853		1,042,853
Mutual funds	1,678	1,678	
	1,044,531	1,678	1,042,853
	\$ 5,782,035	\$ 4,739,182	\$ 1,042,853

Cash and investments are presented in the financial statements in the following areas:

Statement of Net Position:

Cash and investments	\$ 4,667,703
Restricted cash and investments	917,250
Total	5,584,953

Fiduciary Funds

Cash	65,593
Total cash and investments	\$ 5,650,546

The carrying amount of cash and investments is stated at \$5,650,546 as of June 30, 2018. The difference between the carrying amounts and the amounts mentioned above stem from cash on hand of \$499, other outstanding items of \$131,988.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued

Custodial Credit Risk

Deposits - This is the risk that in the event of a bank failure, the Township will not be able to recover its deposits. The Township does not have a deposit policy for custodial credit risk. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Insured by FDIC	\$ 250,714
Uninsured and collateralized	<u>4,486,790</u>
Total	<u><u>\$ 4,737,504</u></u>

Investments - This is the risk that in the event of the failure of a counterparty to a transaction, the Township will not be able to recover the value of its investments. The Township does not have a policy to cover custodial credit risk of investments. The Township evaluates each financial institution with which it invests and assesses the level of risk of each institution. Investments are made only with those institutions with an acceptable estimated risk level.

Insured by FDIC	\$ 1,042,853
Insured by SIPC	<u>1,678</u>
Total	<u><u>\$ 1,044,531</u></u>

FDIC insurance covers up to \$250,000 for the combined amount of all time and savings accounts (including NOW accounts), and up to \$250,000 for the combined amount of all demand deposit accounts.

Concentration of Credit Risk

Concentration of credit risk is the risk attributed to the magnitude of the Township's investment in a single issuer. The Township's investment policy requires diversification with a primary focus on safety. However, the policy does not place a fixed percentage limit for any one issuer.

<u>Investment Type/Issuer</u>	<u>Percent of Portfolio</u>
Non-negotiable CD's	100%

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates could possibly adversely affect the fair values of investments and cash deposits. The Township's investment policy does not specifically limit investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

As of June 30, 2018 the Township had the following investment maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>	
	<u>Value</u>	<u>Less than 1</u>
Negotiable CD's	<u>\$ 1,042,853</u>	<u>\$ 1,042,853</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township investment policy limits investments to those authorized by Public Act 20 of 1943. Commercial paper must be rated within the two (2) highest classifications established by not less than two (2) standard ratings services. Ratings are not required for U.S. Treasuries and money market accounts. As of June 30, 2018, the Township's investments in negotiable CD's were not rated.

NOTE 10 - STATEMENT OF CASH FLOWS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to represent cash flows from operations.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 11 - GRANT ACTIVITIES

The Township has been a recipient of several grant funds for law enforcement, medical rescue, and recreation activities. These funds are subject to federal and state grant audit requirements.

NOTE 12 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Sewage Disposal System Fund as of June 30, 2018 consisted of the following:

	Sewage Disposal System Fund
Cash and investments	\$ 1,173,024
Special assessment receivables	<u>850,494</u>
Total	<u><u>\$ 2,023,518</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTHFIELD TOWNSHIP

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 268,000	\$ 268,000	\$ 268,948	\$ 948
Grants	221,633	229,633	233,766	4,133
State revenue sources	735,000	694,573	717,526	22,953
Charges for services	262,629	248,385	257,537	9,152
Franchise fees	98,000	98,000	95,857	(2,143)
Interest	1,000	1,000	5,571	4,571
Miscellaneous revenue	25,300	28,286	23,909	(4,377)
Total revenues	1,611,562	1,567,877	1,603,114	35,237
EXPENDITURES				
Township board	39,265	41,815	39,646	2,169
Supervisor	14,727	14,727	14,726	1
Township manager	135,027	157,714	143,203	14,511
Elections	16,815	16,815	9,995	6,820
Clerk	80,467	80,472	80,994	(522)
Board of review	14,578	14,578	8,581	5,997
Treasurer	95,719	95,719	59,789	35,930
Assessor	101,910	101,910	100,940	970
Professional fees	71,700	66,700	49,163	17,537
Zoning and planning departments	113,732	140,733	122,838	17,895
Roads	506,163	242,127	237,732	4,395
Contingency liens	5,000	5,000		5,000
Recreation board	5,000	5,000	539	4,461
Capital outlay	2,000	2,015	1,964	51
Rent - PSB	83,334	83,334	90,051	(6,717)
Other general government	29,280	31,280	22,264	9,016
Community Center	112,582	120,267	107,863	12,404
Township hall and grounds	119,746	125,987	104,705	21,282
Community planning	2,500	2,500		2,500
Street lights	36,000	38,000	37,862	138
Total expenditures	1,585,545	1,386,693	1,232,855	153,838
Excess of revenues over (under) expenditures	26,017	181,184	370,259	189,075
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(25,000)	(13,718)	(13,718)	
Net change in fund balance	1,017	167,466	356,541	189,075
FUND BALANCE, JULY 1, 2017	789,348	789,348	789,348	
FUND BALANCE, JUNE 30, 2018	\$ 790,365	\$ 956,814	\$ 1,145,889	\$ 189,075

NORTHFIELD TOWNSHIP

LAW ENFORCEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 1,514,022	\$
Local stabilization reimbursement			7,790	
Fines and court fees			18,358	
Liquor law license fees			3,437	
Charges for services			24,512	
Reimbursements			2,083	
Total revenues	1,608,780	1,634,008	1,570,202	(63,806)
EXPENDITURES	1,601,589	1,616,541	1,643,648	(27,107)
Excess of revenues over (under) expenditures	7,191	17,467	(73,446)	(90,913)
OTHER FINANCING SOURCES (USES)				
Sale of assets	9,000	9,000	1,710	(7,290)
Net change in fund balance	16,191	26,467	(71,736)	(98,203)
FUND BALANCE, JULY 1, 2017	526,216	526,216	526,216	
FUND BALANCE, JUNE 30, 2018	\$ 542,407	\$ 552,683	\$ 454,480	\$ (98,203)

NORTHFIELD TOWNSHIP

FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 682,218	\$
Grant income			39,446	
Local stabilization reimbursement			6,772	
Charges for services			19,773	
Contributions			150	
Interest			4,674	
Miscellaneous revenue			1,657	
Total revenues	<u>719,856</u>	<u>727,150</u>	<u>754,690</u>	<u>27,540</u>
EXPENDITURES				
Salaries			306,881	
Payroll taxes			23,212	
Insurance - benefits			20,195	
Grant expense			35,391	
Pension			8,694	
Medical testing			467	
Uniforms			2,083	
Controller			6,008	
Audit fees			2,250	
Vehicle			10,285	
Training and development			5,801	
Membership fees			1,990	
Contractual services			1,697	
Dispatch services			10,810	
Telephone			8,071	
Supplies			7,649	
Insurance and bonds			58,845	
Office overhead			39,659	
PSB lease			90,051	
Printing and postage			243	
Utilities			7,428	
Repairs and maintenance			26,628	
Equipment			8,025	
Computers			4,866	
Tax chargebacks/drains			310	
Miscellaneous			2,343	
Personnel allocation			(66,635)	
Total expenditures	<u>1,136,727</u>	<u>1,145,889</u>	<u>623,247</u>	<u>522,642</u>
Excess of revenues over (under) expenditures	<u>(416,871)</u>	<u>(418,739)</u>	<u>131,443</u>	<u>550,182</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	90,000	90,000	38,250	(51,750)
Transfer in	25,000	13,718	13,718	
Total other financing sources (uses)	<u>115,000</u>	<u>103,718</u>	<u>51,968</u>	<u>(51,750)</u>
Net change in fund balance	<u>(301,871)</u>	<u>(315,021)</u>	<u>183,411</u>	<u>498,432</u>
FUND BALANCE, JULY 1, 2017	<u>832,958</u>	<u>832,958</u>	<u>832,958</u>	
FUND BALANCE, JUNE 30, 2018	<u>\$ 531,087</u>	<u>\$ 517,937</u>	<u>\$ 1,016,369</u>	<u>\$ 498,432</u>

NORTHFIELD TOWNSHIP

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule of Employer Contributions

	For the Plan Year Ended December 31,			
	2017	2016	2015	2014
Actuarial determined contributions	\$ 62,943	\$ 56,582	\$ 58,396	\$ 55,589
Contributions in relation to the actuarial determined contribution	62,943	59,011	58,396	55,589
Contribution deficiency (excess)	\$	\$ 2,429	\$	\$
Covered employee payroll	\$ 639,693	\$ 565,824	\$ 583,960	\$ 555,890
Contributions as a percentage of covered payroll	9.84%	10.43%	10.00%	10.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

Amortization method	Level percentage of payroll, open
Remaining amortization period	Unfunded accrued liability - 23 years 2016 Gain (loss) on investments - 22 years 2016 Plan amendments - 22 years 2017 Gain (loss) on investments - 21 years 2017 Plan amendments - 21 years
Asset valuation method	5 years smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Age 60. Early retirement with reduced benefits at 55 with 15 years of service or 50 with 25 years of service or with normal benefits at age 55 with 20 years of service. 50% Female/50% Male 2014 Healthy Annuitant Annuity
Mortality	Mortality table, Employee Mortality table, and Juvenile Mortality table

Previous Actuarial Methods and Assumptions

A ten year smoothed asset valuation method was used for the time period of 2005 through 2014. Employee contributions have varied each year between 2.16% and 3.96%.

NORTHFIELD TOWNSHIP

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018**

	For the Plan Year Ended December 31,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 81,945	\$ 72,652	\$ 71,768	\$ 68,319
Interest	156,628	146,935	125,742	110,821
Changes in benefit terms	(628)	3,918	(14,904)	
Differences between expected and actual experience	(14,230)	(106,981)	64,631	
Changes of assumptions			64,856	
Net change in total pension liability	223,715	116,524	312,093	179,140
Total pension liability - beginning	1,916,882	1,800,358	1,488,265	1,309,125
Total pension liability - ending	<u>\$ 2,140,597</u>	<u>\$ 1,916,882</u>	<u>\$ 1,800,358</u>	<u>\$ 1,488,265</u>
Plan fiduciary net position				
Contributions - employer	\$ 62,943	\$ 59,011	\$ 58,396	\$ 55,589
Contributions - employee	27,551	19,534	15,385	54,529
Net investment income	233,466	171,765	(22,425)	81,669
Administrative expenses	(3,679)	(3,383)	(3,196)	(3,030)
Net change in plan fiduciary net position	320,281	246,927	48,160	188,757
Plan fiduciary net position, beginning	1,704,156	1,457,229	1,409,069	1,220,312
Plan fiduciary net position, ending	<u>\$ 2,024,437</u>	<u>\$ 1,704,156</u>	<u>\$ 1,457,229</u>	<u>\$ 1,409,069</u>
Net pension liability				
Total pension liability and plan fiduciary net position	<u>\$ 116,160</u>	<u>\$ 212,726</u>	<u>\$ 343,129</u>	<u>\$ 79,196</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.57%</u>	<u>88.90%</u>	<u>80.94%</u>	<u>94.68%</u>
Covered employee payroll	<u>\$ 639,693</u>	<u>\$ 565,824</u>	<u>\$ 583,956</u>	<u>\$ 555,890</u>
Net pension liability as a percentage of covered employee payroll	<u>18.16%</u>	<u>37.60%</u>	<u>58.76%</u>	<u>14.25%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NORTHFIELD TOWNSHIP

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE - BUDGETARY INFORMATION

Highlights of the budgetary process are disclosed in Note 1 of the Notes to Financial Statements.

Budget Overruns

In funds that were required by law to adopt budgets, during the year ended June 30, 2018 expenditures exceeded appropriations as follows:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance (Unfavorable)</u>
General Fund			
Clerk	\$ 80,472	\$ 80,994	\$ (522)
Rent - PSB	83,334	90,051	(6,717)
Law Enforcement Fund	<u>1,616,541</u>	<u>1,643,648</u>	<u>(27,107)</u>
	<u>\$ 1,780,347</u>	<u>\$ 1,814,693</u>	<u>\$ (34,346)</u>

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	SPECIAL REVENUE FUNDS							DEBT SERVICE	Totals
	Building Department Fund	Fire Station #2 Fund	Barker Road Fund	Narcotics Fund	Federal Narcotics Fund	Public Contributions Fund	Downtown Development Authority Fund	Public Safety Building Fund	
ASSETS									
Cash and investments	\$ 147,720	\$ 11,701	\$ 9,960	\$ 122,021	\$ 238,773	\$ 519	\$ 34,970	\$ 22,279	\$ 587,943
Taxes receivable								1,134	1,134
Prepaid expense				319					319
Due from other funds	100	5,323			1,961				7,384
Total assets	<u>\$ 147,820</u>	<u>\$ 17,024</u>	<u>\$ 9,960</u>	<u>\$ 122,340</u>	<u>\$ 240,734</u>	<u>\$ 519</u>	<u>\$ 34,970</u>	<u>\$ 23,413</u>	<u>\$ 596,780</u>
LIABILITIES									
Accounts payable	\$ 3,931	\$	\$	\$ 175	\$ 482	\$	\$	\$ 9,317	\$ 13,905
Due to other funds	260								260
Total liabilities	<u>4,191</u>			<u>175</u>	<u>482</u>			<u>9,317</u>	<u>14,165</u>
FUND BALANCE									
Nonspendable - prepaid				319					319
Restricted									
Law enforcement				121,846	240,252				362,098
Community development						519	34,370		34,889
Committed									
Public safety		17,024							17,024
Barker road			9,960						9,960
Building department	95,950								95,950
Debt service								14,096	14,096
Assigned for future budget deficit	47,679						600		48,279
Total fund balances	<u>143,629</u>	<u>17,024</u>	<u>9,960</u>	<u>122,165</u>	<u>240,252</u>	<u>519</u>	<u>34,970</u>	<u>14,096</u>	<u>582,615</u>
Total liabilities and fund balance	<u>\$ 147,820</u>	<u>\$ 17,024</u>	<u>\$ 9,960</u>	<u>\$ 122,340</u>	<u>\$ 240,734</u>	<u>\$ 519</u>	<u>\$ 34,970</u>	<u>\$ 23,413</u>	<u>\$ 596,780</u>

NORTHFIELD TOWNSHIP

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2018**

	Current Tax Collection Fund	Trust and Agency Fund	Payroll Fund	Totals
ASSETS				
Cash	\$	\$ 50,962	\$ 14,631	\$ 65,593
Due from others		5,564		5,564
Due from other funds	55	2,390		2,445
Total assets	\$ 55	\$ 58,916	\$ 14,631	\$ 73,602
LIABILITIES				
Due to other funds	\$	\$ 4,291	\$ 1,764	\$ 6,055
Due to others	55	54,625	12,867	67,547
Total liabilities	\$ 55	\$ 58,916	\$ 14,631	\$ 73,602

NORTHFIELD TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS		Totals
	Building Department Fund	Fire Station #2 Fund	Barker Road Fund	Narcotics Fund	Federal Narcotics Fund	Public Contributions Fund	Downtown Development Authority Fund	Building Authority Fund	
REVENUES									
Taxes	\$	\$	\$	\$	\$	\$	\$	\$ 279,523	\$ 279,523
Local stabilization reimbursement								2,803	2,803
Fines and forfeits					161,596				161,596
Charges for services	2,540								2,540
Licenses and permits	86,582								86,582
Rental income		17,024	9,960				270,152	118,978	416,114
Other income	5			6,885		20		9,773	16,683
Total revenues	<u>89,127</u>	<u>17,024</u>	<u>9,960</u>	<u>6,885</u>	<u>161,596</u>	<u>20</u>	<u>270,152</u>	<u>411,077</u>	<u>965,841</u>
EXPENDITURES									
General government	116,825							118,978	235,803
Police protection				38,274	34,496				72,770
Public works						13,963			13,963
Debt service									
Principal							236,404	250,000	486,404
Interest and fees							33,748	29,744	63,492
Total expenditures	<u>116,825</u>			<u>38,274</u>	<u>34,496</u>		<u>13,963</u>	<u>270,152</u>	<u>398,722</u>
Excess of revenues over (under) expenditures	<u>(27,698)</u>	<u>17,024</u>	<u>9,960</u>	<u>(31,389)</u>	<u>127,100</u>	<u>20</u>	<u>(13,963)</u>	<u>12,355</u>	<u>93,409</u>
OTHER FINANCING SOURCES (USES)									
Sale of assets				8,190					8,190
Net changes in fund balances	<u>(27,698)</u>	<u>17,024</u>	<u>9,960</u>	<u>(23,199)</u>	<u>127,100</u>	<u>20</u>	<u>(13,963)</u>	<u>12,355</u>	<u>101,599</u>
FUND BALANCE, JULY 1, 2017	<u>171,327</u>			<u>145,364</u>	<u>113,152</u>	<u>499</u>	<u>48,933</u>	<u>1,741</u>	<u>481,016</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ 143,629</u>	<u>\$ 17,024</u>	<u>\$ 9,960</u>	<u>\$ 122,165</u>	<u>\$ 240,252</u>	<u>\$ 519</u>	<u>\$ 34,970</u>	<u>\$ 14,096</u>	<u>\$ 582,615</u>

INDIVIDUAL FUNDS

GENERAL FUND

NORTHFIELD TOWNSHIP

**GENERAL FUND
BALANCE SHEET
JUNE 30, 2018**

ASSETS

Cash and investments		\$	888,292
Taxes receivable			1,832
State shared revenue receivable			148,792
Other receivables			14,274
Land contract receivable - Northfield Township Area Library			28,929
Due from other funds			5,955
Prepaid expenditures			<u>107,711</u>
Total assets		\$	<u>1,195,785</u>

LIABILITIES

Accounts payable	\$	15,256	
Due to other funds		5,816	
Due to others		<u>28,824</u>	
Total liabilities	\$		49,896

FUND BALANCE

Nonspendable - prepaid items	107,711	
Nonspendable - Library receivable	28,929	
Assigned for future budget deficit	15,134	
Unassigned	<u>994,115</u>	
Total fund balance		<u>1,145,889</u>
Total liabilities and fund balance		<u>\$ 1,195,785</u>

NORTHFIELD TOWNSHIP

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 268,000	\$ 268,948	\$ 948
Grants	229,633	233,766	4,133
State revenue sources	694,573	717,526	22,953
Charges for services	248,385	257,537	9,152
Franchise fees	98,000	95,857	(2,143)
Interest	1,000	5,571	4,571
Miscellaneous revenue	28,286	23,909	(4,377)
Total revenues	<u>1,567,877</u>	<u>1,603,114</u>	<u>35,237</u>
EXPENDITURES			
Township board	41,815	39,646	2,169
Supervisor	14,727	14,726	1
Township manager	157,714	143,203	14,511
Elections	16,815	9,995	6,820
Clerk	80,472	80,994	(522)
Board of review	14,578	8,581	5,997
Treasurer	95,719	59,789	35,930
Assessor	101,910	100,940	970
Professional fees	66,700	49,163	17,537
Zoning and planning departments	140,733	122,838	17,895
Roads	242,127	237,732	4,395
Contingency	5,000		5,000
Recreation board	5,000	539	4,461
Capital outlay	2,015	1,964	51
Rent - PSB	83,334	90,051	(6,717)
Other general government	31,280	22,264	9,016
Community center	120,267	107,863	12,404
Township hall and grounds	125,987	104,705	21,282
Community planning	2,500		2,500
Street lights	38,000	37,862	138
Total expenditures	<u>1,386,693</u>	<u>1,232,855</u>	<u>153,838</u>
Excess of revenues over (under) expenditures	181,184	370,259	189,075
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(13,718)	(13,718)	
Net change in fund balance	167,466	356,541	189,075
FUND BALANCE, JULY 1, 2017	<u>789,348</u>	<u>789,348</u>	
FUND BALANCE, JUNE 30, 2018	<u>\$ 956,814</u>	<u>\$ 1,145,889</u>	<u>\$ 189,075</u>

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES	\$ 268,000	\$ 268,948	\$ 948
GRANTS	229,633	233,766	4,133
STATE REVENUE SOURCES			
State shared revenues	690,000	709,831	19,831
Local community stabilization reimbursement	4,573	7,695	3,122
Total state revenue sources	694,573	717,526	22,953
CHARGES FOR SERVICES			
Tax administration fees	150,000	148,888	(1,112)
Sewer administration	48,560	48,560	
Fiber footage fees	10,000	10,388	388
Planning and zoning fees	9,500	12,450	2,950
Mobile home park fees	2,850	2,788	(62)
Summer tax collection fees	14,000	13,740	(260)
Duplicating	125	165	40
Penalties and interest on taxes	4,000	4,944	944
Community center	9,000	13,028	4,028
Licenses and fines	350	2,586	2,236
Total charges for services	248,385	257,537	9,152
FRANCHISE FEES			
Cablevision franchise fees	98,000	95,857	(2,143)
INTEREST	1,000	5,571	4,571
MISCELLANEOUS REVENUE			
Miscellaneous	12,291	11,467	(824)
Reimbursements	15,995	12,442	(3,553)
Total miscellaneous revenue	28,286	23,909	(4,377)
Total revenues	\$ 1,567,877	\$ 1,603,114	\$ 35,237

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Fees	\$	\$ 11,250	\$
Payroll taxes		765	
Membership and dues		9,339	
Transportation		10,000	
Printing and publishing		7,087	
Miscellaneous		1,205	
Total township board	41,815	39,646	2,169
SUPERVISOR			
Supervisor's salary		12,500	
Payroll taxes		956	
Miscellaneous		1,270	
Total supervisor	14,727	14,726	1
TOWNSHIP MANAGER			
Salaries		95,775	
Payroll taxes		10,935	
Insurance - benefits		21,735	
Pension		5,192	
Controller		48,060	
Miscellaneous		2,634	
Personnel allocation		(41,128)	
Total township manager	157,714	143,203	14,511
ELECTIONS			
Fees		3,443	
Payroll taxes		263	
Office supplies		1,463	
Contractual services		600	
Printing and postage		4,226	
Total elections	16,815	9,995	6,820

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
CLERK			
Clerk's salary		12,500	
Deputy clerk's salary		41,800	
Payroll taxes		4,154	
Insurance - benefits		9,140	
Pension		4,180	
Recording secretary		8,850	
Miscellaneous		370	
	80,472	80,994	(522)
BOARD OF REVIEW			
Fees		1,029	
Payroll taxes		79	
Recording secretary		1,065	
Printing and publishing		682	
Tax tribunal and drains		5,726	
	14,578	8,581	5,997
TREASURER			
Treasurer's salary		12,500	
Deputy/clerical salaries		55,816	
Payroll taxes		4,911	
Insurance - benefits		11,312	
Pension		3,733	
Legal fees		6,000	
Tax roll preparation		611	
Postage		3,308	
Miscellaneous		1,258	
Personnel allocation		(39,660)	
	95,719	59,789	35,930

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ASSESSOR			
Salaries		43,046	
Payroll taxes		3,293	
Insurance - benefits		17,911	
Pension		4,305	
Supplies		23	
Contracted services		63,345	
Postage and printing		3,275	
Miscellaneous		20	
Personnel allocation		(34,278)	
Total assessor	<u>101,910</u>	<u>100,940</u>	<u>970</u>
PROFESSIONAL FEES	<u>66,700</u>	<u>49,163</u>	<u>17,537</u>
ZONING AND PLANNING DEPARTMENTS			
Board of appeals fees		15,625	
Payroll taxes		1,407	
Salaries - recording secretary		6,260	
Planning commission fees		9,700	
Professional fees		41,538	
Code enforcement		200	
Zoning administration		16,025	
Printing and publications		4,029	
Insurance and bonds		1,000	
Personnel allocation		27,054	
Total zoning and planning departments	<u>140,733</u>	<u>122,838</u>	<u>17,895</u>
ROADS	<u>242,127</u>	<u>237,732</u>	<u>4,395</u>
CONTINGENCY	<u>5,000</u>		<u>5,000</u>
RECREATION BOARD	<u>5,000</u>	539	<u>4,461</u>
CAPITAL OUTLAY	<u>2,015</u>	1,964	<u>51</u>
RENT - PSB	<u>83,334</u>	90,051	<u>(6,717)</u>
OTHER GENERAL GOVERNMENT			
Software		13,396	
Computer services		6,868	
Clean up program		2,000	
Total other general government	<u>31,280</u>	<u>22,264</u>	<u>9,016</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
COMMUNITY CENTER			
Salaries		50,052	
Payroll taxes		3,720	
Insurance - benefits		8,918	
Pension		4,589	
Supplies		1,111	
Dues		120	
Programs		17,407	
Janitorial service		2,885	
Senior nutrition		1,919	
Community expense		815	
Telephone		2,817	
Printing and publications		196	
Insurance - general liability		1,189	
Utilities		2,592	
Repairs and maintenance		2,723	
Miscellaneous		6,810	
	<u>120,267</u>	<u>107,863</u>	<u>12,404</u>
TOWNSHIP HALL AND GROUNDS			
Salaries		6,174	
Payroll taxes		472	
Insurance		13,910	
PSB allocation		39,660	
Janitor fees		24,735	
Office supplies		10,508	
Telephone		2,532	
Postage		2,128	
Utilities		200	
Repairs and maintenance		1,116	
Tax chargebacks		1,981	
Miscellaneous		440	
Equipment rental		5,044	
Personnel allocation		(4,195)	
	<u>125,987</u>	<u>104,705</u>	<u>21,282</u>
	<u>2,500</u>		<u>2,500</u>
COMMUNITY PLANNING			
	<u>38,000</u>	<u>37,862</u>	<u>138</u>
STREET LIGHTS			
	<u>\$ 1,386,693</u>	<u>\$ 1,232,855</u>	<u>\$ 153,838</u>
Total expenditures			

FIRE FUND

NORTHFIELD TOWNSHIP

**FIRE FUND
BALANCE SHEET
JUNE 30, 2018**

ASSETS

Cash	\$ 532,802
Investments	481,668
Taxes receivable	2,546
Grant receivable	3,528
Interest receivable	1,006
Prepaid expenses	<u>637</u>

Total assets \$ 1,022,187

LIABILITIES

Accounts payable	\$ 5,724
Due to other funds	52
Due to others	<u>42</u>

Total liabilities 5,818

FUND BALANCE

Nonspendable - prepaid items	637
Restricted - fire	<u>1,015,732</u>

Total fund balance 1,016,369

Total liabilities and fund balance \$ 1,022,187

NORTHFIELD TOWNSHIP

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 682,218	\$
Grants		39,446	
State revenue sources		6,772	
Charges for services		19,773	
Contributions		150	
Interest		4,674	
Miscellaneous revenue		1,657	
Total revenues	<u>727,150</u>	<u>754,690</u>	<u>27,540</u>
EXPENDITURES			
Salaries		306,881	
Payroll taxes		23,212	
Insurance - benefits		20,195	
Grant expense		35,391	
Pension		8,694	
Medical testing		467	
Uniforms		2,083	
Controller		6,008	
Audit fees		2,250	
Vehicle		10,285	
Training and development		5,801	
Membership fees		1,990	
Contractual services		1,697	
Dispatch services		10,810	
Telephone		8,071	
Supplies		7,649	
Insurance and bonds		58,845	
Office overhead		39,659	
PSB lease		90,051	
Printing and postage		243	
Utilities		7,428	
Repairs and maintenance		26,628	
Equipment		8,025	
Computers		4,866	
Tax chargebacks/drains		310	
Miscellaneous		2,343	
Personnel allocation		(66,635)	
Total expenditures	<u>1,145,889</u>	<u>623,247</u>	<u>522,642</u>
Excess of revenues over (under) expenditures	<u>(418,739)</u>	<u>131,443</u>	<u>550,182</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	90,000	38,250	(51,750)
Transfers in	13,718	13,718	
Total other financing sources (uses)	<u>103,718</u>	<u>51,968</u>	<u>(51,750)</u>
Net change in fund balance	<u>(315,021)</u>	<u>183,411</u>	<u>498,432</u>
FUND BALANCE, JULY 1, 2017	<u>832,958</u>	<u>832,958</u>	
FUND BALANCE, JUNE 30, 2018	<u>\$ 517,937</u>	<u>\$ 1,016,369</u>	<u>\$ 498,432</u>

LAW ENFORCEMENT FUND

NORTHFIELD TOWNSHIP

**LAW ENFORCEMENT FUND
BALANCE SHEET
JUNE 30, 2018**

ASSETS

Cash		\$	460,806
Taxes receivable			5,708
Prepaid expenses			<u>319</u>
Total assets		\$	<u><u>466,833</u></u>

LIABILITIES

Accounts payable	\$	4,381	
Due to other funds		7,232	
Due to others		<u>740</u>	
Total liabilities		\$	<u>12,353</u>

FUND BALANCE

Nonspendable - prepaid items			319
Restricted - law enforcement			<u>454,161</u>
Total fund balance			<u>454,480</u>
Total liabilities and fund balance		\$	<u><u>466,833</u></u>

NORTHFIELD TOWNSHIP

LAW ENFORCEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 1,514,022	\$
Local stabilization reimbursement		7,790	
Fines and court fees		18,358	
Liquor law license fees		3,437	
Charges for services		24,512	
Reimbursements		2,083	
Total revenues	1,634,008	1,570,202	(63,806)
EXPENDITURES			
	1,616,541	1,643,648	(27,107)
Excess of revenues over (under) expenditures	17,467	(73,446)	(90,913)
OTHER FINANCING SOURCES (USES)			
Sale of assets	9,000	1,710	(7,290)
Net change in fund balance	26,467	(71,736)	(98,203)
FUND BALANCE, JULY 1, 2017	526,216	526,216	
FUND BALANCE, JUNE 30, 2018	\$ 552,683	\$ 454,480	\$ (98,203)

NORTHFIELD TOWNSHIP

**LAW ENFORCEMENT FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Salaries	\$	\$ 846,585	\$
Payroll taxes		66,458	
Insurance - benefits		155,483	
Professional fees		60,076	
Pension		66,569	
Controller		6,008	
Membership dues		200	
Printing and postage		636	
Transportation		19,436	
Insurance and bonds		72,284	
Repairs and maintenance		21,022	
Telephone		17,667	
Supplies		5,213	
Equipment rental		2,609	
Office overhead		39,659	
PSB lease		90,050	
Contractual services		19,487	
Dispatch services		65,247	
Uniforms		7,688	
Medical testing		282	
Personnel allocation		66,635	
Tax chargebacks		710	
Miscellaneous		13,644	
Total expenditures	<u>\$ 1,616,541</u>	<u>\$ 1,643,648</u>	<u>\$ (27,107)</u>

SEWAGE DISPOSAL SYSTEM FUND

NORTHFIELD TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF NET POSITION
JUNE 30, 2018**

CURRENT ASSETS

Cash	\$ 914,098	
Investments	546,322	
Sewer billings receivable	365,505	
Other receivables	22,870	
Interest receivable	2,789	
Due from other funds	3,631	
Prepaid expenses	930	
Total current assets		\$ 1,856,145

RESTRICTED ASSETS

Cash	1,156,357	
Investments	16,667	
Special assessments receivable	850,494	
Total restricted assets		2,023,518

PLANT, PROPERTY AND EQUIPMENT

Land	226,918	
Plant	2,229,393	
Plant expansion	12,109,445	
Equipment	1,282,362	
	15,848,118	
Less: accumulated depreciation	(7,216,127)	
Net plant, property, and equipment		8,631,991
Total assets		\$ 12,511,654

CURRENT LIABILITIES

Accounts payable	\$ 28,283	
Accrued compensated absences	28,732	
Bonds payable - current portion	113,596	
Total current liabilities		\$ 170,611

LONG-TERM LIABILITIES

Bonds payable - less current portion		997,498
Total liabilities		1,168,109

NET POSITION

		11,343,545
Total liabilities and net position		\$ 12,511,654

NORTHFIELD TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

OPERATING REVENUES

User charges \$ 1,340,524

OPERATING EXPENSES

Salaries and wages	\$ 251,218
Payroll taxes	19,845
Insurance - benefits	89,181
Pension	22,576
Depreciation	343,368
Training and development	4,142
Testing	4,466
Operating supplies	48,281
Uniforms	1,640
Professional services	13,609
Controller	16,821
Supplies	1,281
Equipment	20,500
Contracted services	97,328
Administration fees	37,500
Telephone	5,304
Transportation	2,233
Printing and postage	3,565
Insurance and bonds	29,011
Utilities	76,098
Repairs and maintenance	32,869
Equipment rental	1,575

Total operating expenses 1,122,411

Operating income 218,113

NON-OPERATING REVENUES AND (EXPENSES)

Interest income - cash and equivalents	5,578
Interest - special assessments	61,619
Other revenues	124,252
Interest expense	(39,133)
Agent fees	(1,400)

Total non-operating revenues and (expenses) 150,916

Net income before capital contributions 369,029

CAPITAL CONTRIBUTIONS

Connection fees 25,019

Change in net position 394,048

NET POSITION, JULY 1, 2017 10,949,497

NET POSITION, JUNE 30, 2018 \$ 11,343,545

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	\$ 1,364,036	
Cash payments to employees	(278,448)	
Cash payments to suppliers of goods and services	(563,875)	
Net cash provided by operating activities		\$ 521,713

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Connection fees received	25,019	
Special assessments and interest received	355,526	
Other revenue (expense)	124,252	
Acquisition of capital assets	(71,878)	
Repayment of principal on bonds/contracts	(154,129)	
Investment activity	(522,000)	
Net cash (used in) capital and related financing activities		(243,210)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on cash and cash equivalents		625
Net increase in cash and cash equivalents		279,128

CASH AND CASH EQUIVALENTS AT, JULY 1, 2017		<u>1,791,327</u>
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CASH AND CASH EQUIVALENTS AT, JUNE 30, 2018		<u><u>\$ 2,070,455</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income		\$ 218,113
Adjustments to reconcile operating income to net cash (used in) operating activities:		
Depreciation	\$ 343,368	
Change in assets and liabilities:		
(Increase) decrease in receivables	23,512	
(Increase) decrease in prepaid expenses	(930)	
Increase in accounts payable/accrued compensated absences	(62,350)	
Total adjustments		<u>303,600</u>
Net cash provided by operating activities		<u><u>\$ 521,713</u></u>