

# **NORTHFIELD TOWNSHIP**

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**Report on Audit of Financial Statements**

**For the Year Ended June 30, 2015**

**NORTHFIELD TOWNSHIP**

**TOWNSHIP OFFICIALS**

Supervisor - Marilyn Engstrom  
Clerk - Angela Westover  
Treasurer - Kathy Braun

**TOWNSHIP BOARD**

Kathy Braun  
Janet Chick  
Wayne Dockett  
Marilyn Engstrom  
Jacquelyn Otto  
Tracy Thomas  
Angela Westover

**TOWNSHIP ATTORNEYS**

Paul E. Burns

**TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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**PFEFFER ■ HANNIFORD ■ PALKA**  
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November 4, 2015

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

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

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, 2015, and the related notes to the financial statements, which collectively comprise Northfield 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, 2015, 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.

## Emphasis of Matter

As discussed in Note 6 to the basic financial statements, in 2015, the Township adopted the new accounting guidance of GASB No. 68, *Accounting and Financial Reporting for Pensions*, which established accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 -13 and 55 - 59 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, 2015

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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, 2015. 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 water & 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 \$16,288,247. This is a \$211,626 decrease over last year's net position of \$16,499,873. 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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
<b>Assets</b>						
Current and other assets	\$ 3,175,066	\$ 3,408,202	\$ 2,747,608	\$ 3,556,126	\$ 5,922,674	\$ 6,964,328
Capital assets	7,215,706	7,249,396	8,760,069	9,028,100	15,975,775	16,277,496
<b>Total assets</b>	<u>10,390,772</u>	<u>10,657,598</u>	<u>11,507,677</u>	<u>12,584,226</u>	<u>21,898,449</u>	<u>23,241,824</u>
<b>Deferred outflows of resources</b>						
Pension	46,453				46,453	
<b>Liabilities</b>						
Other liabilities	330,500	359,251	75,299	38,069	405,799	397,320
Long-term liabilities	3,645,981	4,131,609	1,604,875	2,213,022	5,250,856	6,344,631
<b>Total liabilities</b>	<u>3,976,481</u>	<u>4,490,860</u>	<u>1,680,174</u>	<u>2,251,091</u>	<u>5,656,655</u>	<u>6,741,951</u>
<b>Net position:</b>						
Invested in capital assets, net of debt	3,569,725	3,117,787	7,155,191	6,815,078	10,724,916	9,932,865
Restricted	1,262,051	937,024	1,604,878	2,213,022	2,866,929	3,150,046
Unrestricted	1,628,968	2,111,927	1,067,434	1,305,035	2,696,402	3,416,962
<b>Total net position</b>	<u>\$ 6,460,744</u>	<u>\$ 6,166,738</u>	<u>\$ 9,827,503</u>	<u>\$ 10,333,135</u>	<u>\$ 16,288,247</u>	<u>\$ 16,499,873</u>

**Summary of Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 544,326	\$ 855,779	\$ 1,347,388	\$ 1,160,295	\$ 1,891,714	\$ 2,016,074
Operating grants and contributions	9,845	266,902			9,845	266,902
Capital grants and contributions			7,100	3,550	7,100	3,550
<b>General revenues:</b>						
State shared revenues	650,034	618,499			650,034	618,499
Property taxes	2,533,109	2,501,328			2,533,109	2,501,328
Interest	180	2,414	68,496	82,170	68,676	84,584
Other	376,888	518,438	5,024	5,995	381,912	524,433
Net (decrease) in fair value of investments	124	(38,174)	3,209	(121,234)	3,333	(159,408)
Gain on sale of assets		5,779		5,000		10,779
<b>Total revenues</b>	<u>4,114,506</u>	<u>4,730,965</u>	<u>1,431,217</u>	<u>1,135,776</u>	<u>5,545,723</u>	<u>5,866,741</u>
<b>Expenses</b>						
General government	902,964	900,519			902,964	900,519
Fire protection	747,637	803,213			747,637	803,213
Police protection	1,718,370	1,757,390			1,718,370	1,757,390
Community center/community development	136,216	97,691			136,216	97,691
Public works/roads	159,903	97,647			159,903	97,647
Interest on long-term debt	140,410	112,096			140,410	112,096
Sewer system			1,951,849	1,196,264	1,951,849	1,196,264
<b>Total expenses</b>	<u>3,805,500</u>	<u>3,768,556</u>	<u>1,951,849</u>	<u>1,196,264</u>	<u>5,757,349</u>	<u>4,964,820</u>
<b>Transfers</b>	<u>(15,000)</u>		<u>15,000</u>			
<b>Changes in net position</b>	<u>294,006</u>	<u>962,409</u>	<u>(505,632)</u>	<u>(60,488)</u>	<u>(211,626)</u>	<u>901,921</u>
<b>Beginning net position</b>	<u>6,166,738</u>	<u>5,204,329</u>	<u>10,333,135</u>	<u>10,393,623</u>	<u>16,499,873</u>	<u>15,597,952</u>
<b>Ending net position</b>	<u>\$ 6,460,744</u>	<u>\$ 6,166,738</u>	<u>\$ 9,827,503</u>	<u>\$ 10,333,135</u>	<u>\$ 16,288,247</u>	<u>\$ 16,499,873</u>

**Financial Analysis of the Township’s Funds**

The Township’s General Fund had revenues over expenditures totaling \$785. This is almost break even for this year.

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

The revenues exceeded expenditures for the Fire Fund in the amount of \$36,774 which is an improvement over last year.

The Law Enforcement Fund had expenditures over revenues of \$14,847 which is a loss compared to last year.

The Township’s sole proprietary fund, the Sewage Disposal System Fund, reported net loss of \$505,632. The decrease is due to a large special assessment refund.

**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 less than budgeted appropriations by \$108,280. 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 \$309,804 of capital assets. Acquisitions included:

\$	98,582	Land purchase
	41,050	Building lighting
	59,823	Vehicles
	110,349	Equipment

The Township made debt payments of \$485,628 during the year making the total outstanding of \$3,645,981.

**Economic Conditions and Future Activities**

After several years of decreases in State Shared Revenues due to a decline in Michigan’s economy, the Township continues to see an increase every year.

Management is hopeful taxable values continue to increase as they did this year with an increase of 2%.

The Township is in the process of fulfilling the State of Michigan Department of Treasury requirements of CVTRS (City, Village and Township Revenue Sharing) in order to receive those payments from the State of Michigan.

**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, 2015**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash, cash equivalents and investments	\$ 2,809,552	\$ 334,426	\$ 3,143,978
Cash, cash equivalents and investments - restricted		1,209,148	1,209,148
Receivables			
Grant	4,817		4,817
Taxes	10,479		10,479
Special assessment	78,148		78,148
State shared revenues	114,987		114,987
Accounts	32,658	388,759	421,417
Special assessments - restricted		809,330	809,330
Prepaid expenses	85,854	5,945	91,799
Land contract receivable			
Current	3,214		3,214
Non-current	35,357		35,357
Capital assets, not being depreciated			
Non-depreciated	419,403	226,918	646,321
Depreciated, net	6,806,484	8,533,151	15,339,635
<b>Total assets</b>	<b>10,400,953</b>	<b>11,507,677</b>	<b>21,908,630</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension investment activities	18,739		18,739
Subsequent pension contributions	27,714		27,714
<b>Total deferred outflows of resources</b>	<b>46,453</b>		<b>46,453</b>
<b>LIABILITIES</b>			
Accounts payable	96,790	54,269	151,059
Accrued compensated absences	154,514	21,029	175,543
Net pension liability	79,196		79,196
Long term obligations			
Due within one year	485,614	633,147	1,118,761
Due beyond one year	3,160,367	971,729	4,132,096
<b>Total liabilities</b>	<b>3,976,481</b>	<b>1,680,174</b>	<b>5,656,655</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	3,579,906	7,155,193	10,735,099
Restricted	1,262,051	1,604,878	2,866,929
Unrestricted	1,628,968	1,067,432	2,696,400
<b>Total net position</b>	<b>\$ 6,470,925</b>	<b>\$ 9,827,503</b>	<b>\$ 16,298,428</b>

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



NORTHFIELD TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business-type Activities	Eliminations	Total
<b>GOVERNMENTAL ACTIVITIES</b>								
General government	\$ (933,857)	\$ 306,617	\$	\$	\$ (627,240)	\$	\$ 85,221	\$ (542,019)
Fire protection	(747,637)	12,087	8,345		(727,205)		85,221	(641,984)
Police protection	(1,718,370)	32,578	1,500		(1,684,292)		85,221	(1,599,071)
Community development	(2,500)				(2,500)			(2,500)
Community center/recreation	(133,716)				(133,716)			(133,716)
Public works/roads	(159,903)				(159,903)			(159,903)
Interest on long-term debt	(99,336)				(99,336)			(99,336)
<b>Total governmental activities</b>	<b>(3,795,319)</b>	<b>351,282</b>	<b>9,845</b>		<b>(3,434,192)</b>		<b>255,663</b>	<b>(3,178,529)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Sewer system	(1,951,849)	1,347,388		7,100		(597,361)		(597,361)
<b>Total</b>	<b>\$ (5,747,168)</b>	<b>\$ 1,698,670</b>	<b>\$ 9,845</b>	<b>\$ 7,100</b>	<b>(3,434,192)</b>	<b>(597,361)</b>	<b>255,663</b>	<b>(3,775,890)</b>
<b>General revenues</b>								
Property taxes					2,533,109			2,533,109
State shared revenues					650,034			650,034
Interest income - cash and equivalents					180	8,942		9,122
Interest income - special assessments						59,554		59,554
Franchise fees					97,379			97,379
Rental income					267,122		(255,663)	11,459
Fines and forfeitures					193,044			193,044
Other income					12,387	5,024		17,411
Net increase in the fair value of investments					124	3,209		3,333
<b>Total general revenues</b>					<b>3,753,379</b>	<b>76,729</b>	<b>(255,663)</b>	<b>3,574,445</b>
<b>Transfers</b>					<b>(15,000)</b>	<b>15,000</b>		
<b>Changes in net position</b>					<b>304,187</b>	<b>(505,632)</b>		<b>(201,445)</b>
<b>Net position, July 1, 2014</b>					<b>6,166,738</b>	<b>10,333,135</b>		<b>16,499,873</b>
<b>Net position, June 30, 2015</b>					<b>\$ 6,470,925</b>	<b>\$ 9,827,503</b>	<b>\$</b>	<b>\$ 16,298,428</b>

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

**FUND FINANCIAL STATEMENTS**

**NORTHFIELD TOWNSHIP**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Law Enforcement Fund</b>	<b>Non major Funds</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash and investments	\$ 1,258,087	\$ 451,406	\$ 447,900	\$ 652,159	\$ 2,809,552
Receivables					
Taxes receivable	1,497	2,421	5,418	1,143	10,479
State shared revenues	114,987				114,987
Accounts	26,516	4,978	1,164		32,658
Library	38,571				38,571
Special assessments	78,148				78,148
Grant	4,817				4,817
Due from other funds	726	381	706		1,813
Prepaid expenditures	76,166	1,677	8,011		85,854
<b>Total assets</b>	<u>\$ 1,599,515</u>	<u>\$ 460,863</u>	<u>\$ 463,199</u>	<u>\$ 653,302</u>	<u>\$ 3,176,879</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 42,530	\$ 11,657	\$ 4,931	\$ 29,926	\$ 89,044
Due to other funds	1,992				1,992
Due to others	4,830		2,737		7,567
<b>Total liabilities</b>	<u>49,352</u>	<u>11,657</u>	<u>7,668</u>	<u>29,926</u>	<u>98,603</u>
<b>FUND BALANCE</b>					
Nonspendable - prepaid items	76,166				76,166
Nonspendable - library receivable	38,571				38,571
Restricted - fire		449,206		(580)	448,626
Restricted - law enforcement			455,531	277,756	733,287
Restricted - community development				66,928	66,928
Restricted - debt service				13,210	13,210
Committed - building department				79,862	79,862
Assigned for budget deficit				186,200	186,200
Unassigned	1,435,426				1,435,426
<b>Total fund balances</b>	<u>1,550,163</u>	<u>449,206</u>	<u>455,531</u>	<u>623,376</u>	<u>3,078,276</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,599,515</u>	<u>\$ 460,863</u>	<u>\$ 463,199</u>	<u>\$ 653,302</u>	<u>\$ 3,176,879</u>

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, 2015**

<b>Total fund balance per balance sheet</b>		<b>\$ 3,078,276</b>
<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	\$ 11,272,834	
Accumulated depreciation	<u>(4,046,947)</u>	
<b>    Capital assets net of accumulated depreciation</b>		<b>7,225,887</b>
<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>		
Pension investments deficient (in excess) of projections	18,739	
Pension contributions subsequent to pension liability measurement date	<u>27,714</u>	
<b>    Deferred outflows of resources related to pension activities</b>		<b>46,453</b>
<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		(79,196)
<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	(3,645,981)	
Compensated absences	<u>(154,514)</u>	
<b>Total</b>		<b><u>(3,800,495)</u></b>
<b>Net position of governmental activities</b>		<b><u>\$ 6,470,925</u></b>

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, 2015

	General Fund	Fire Fund	Law Enforcement Fund	Non-major Funds	Total
<b>REVENUES</b>					
Taxes	\$ 256,344	\$ 616,776	\$ 1,379,181	\$ 280,808	\$ 2,533,109
State shared revenues	650,034				650,034
Grant income		4,841			4,841
Licenses and permits			2,634	70,467	73,101
Contributions			1,500	3,504	5,004
Rental income	11,460			255,662	267,122
Franchise fees	97,379				97,379
Charges for services	233,810	12,087	29,944	2,340	278,181
Fines and forfeitures			25,064	167,980	193,044
Interest	180				180
Net increase in the fair value of investments	124				124
Other income	3,314	4,562	4,005	506	12,387
<b>Total revenues</b>	<u>1,252,645</u>	<u>638,266</u>	<u>1,442,328</u>	<u>781,267</u>	<u>4,114,506</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	869,735			60,784	930,519
Fire rescue		584,258			584,258
Police protection			1,498,175	64,008	1,562,183
Community center/recreation	95,788				95,788
Roads	119,336				119,336
Community development	2,500				2,500
Public works	35,029			5,538	40,567
<b>Debt service:</b>					
Principal		43,775		441,853	485,628
Interest/fees		4,349		94,987	99,336
<b>Capital outlay:</b>					
General government	98,582				98,582
Police protection				170,172	170,172
Public safety building				41,050	41,050
<b>Total expenditures</b>	<u>1,220,970</u>	<u>632,382</u>	<u>1,498,175</u>	<u>878,392</u>	<u>4,229,919</u>
<b>Excess of revenues over (under) expenditures</b>	<u>31,675</u>	<u>5,884</u>	<u>(55,847)</u>	<u>(97,125)</u>	<u>(115,413)</u>

**NORTHFIELD TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - continued  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Law Enforcement Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	20,000	30,890	41,000		91,890
Transfers (out)	(50,890)			(56,000)	(106,890)
<b>Total other financing sources (uses)</b>	<u>(30,890)</u>	<u>30,890</u>	<u>41,000</u>	<u>(56,000)</u>	<u>(15,000)</u>
<b>Net changes in fund balances</b>	785	36,774	(14,847)	(153,125)	(130,413)
<b>FUND BALANCE, JULY 1, 2014</b>	<u>1,549,378</u>	<u>412,432</u>	<u>470,378</u>	<u>776,501</u>	<u>3,208,689</u>
<b>FUND BALANCE, JUNE 30, 2015</b>	<u>\$ 1,550,163</u>	<u>\$ 449,206</u>	<u>\$ 455,531</u>	<u>\$ 623,376</u>	<u>\$ 3,078,276</u>

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, 2015**

**Net change in fund balances - governmental funds** \$ (130,413)

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	\$ 309,804	
Depreciation expense	<u>(333,313)</u>	
<b>Total</b>		<b>(23,509)</b>

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.

Change in net pension asset/(liability)	(79,196)	
Change in deferred outflows of resources		
Differences in projected investments to actual	18,739	
Contributions subsequent to liability measurement date	<u>27,714</u>	
<b>Total</b>		<b>(32,743)</b>

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:		
Capital leases	43,775	
Bonds/contracts payable	<u>441,853</u>	
<b>Total</b>		<b>485,628</b>

Accrued absences for vacation for the employee is recorded on the Statement of Net Assets		<u>5,224</u>
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<b>Change in net position of governmental activities</b>		<b><u><u>\$ 304,187</u></u></b>
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The notes of the financial statements are an integral part of this statement.

**NORTHFIELD TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2015**

	<b>Sewage Disposal System Fund</b>	
<b>CURRENT ASSETS</b>		
Cash, cash equivalents and investments	\$ 334,426	
Sewer billings receivable	388,656	
Prepaid expenses	5,945	
Due from other funds	103	
	729,130	
<b>Total current assets</b>		\$ 729,130
<b>RESTRICTED ASSETS</b>		
Cash, cash equivalents and investments - capital and debt	1,209,148	
Special assessments receivable - capital and debt	809,330	
	2,018,478	
<b>Total restricted assets</b>		2,018,478
<b>PLANT, PROPERTY AND EQUIPMENT</b>		
Non-depreciated	226,918	
Depreciated, net	8,533,151	
	8,760,069	
<b>Net plant, property, and equipment</b>		8,760,069
<b>Total assets</b>		11,507,677
<b>CURRENT LIABILITIES</b>		
Accounts payable	54,269	
Accrued compensated absences	21,029	
Contracts payable - current portion	633,147	
	708,445	
<b>Total current liabilities</b>		708,445
<b>LONG-TERM LIABILITIES</b>		
Contracts payable - less current portion		971,729
<b>Total liabilities</b>		1,680,174
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	7,155,193	
Restricted for capital and debt	2,018,478	
Unrestricted	653,832	
	9,827,503	
<b>Total net position</b>		\$ 9,827,503

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, 2015**

		<u>Sewage Disposal System Fund</u>
<b>OPERATING REVENUES</b>		
User charges		\$ 1,347,388
<b>OPERATING EXPENSES</b>		
Salaries and wages	\$ 274,210	
Employee benefits/payroll taxes	146,289	
Depreciation	332,948	
Other operating expenses	416,675	
		<u>1,170,122</u>
<b>Total operating expenses</b>		<u>1,170,122</u>
<b>Operating income</b>		177,266
<b>NON-OPERATING REVENUES AND (EXPENSES)</b>		
Transfer in	15,000	
Interest income - cash and equivalents	8,942	
Interest income - special assessments	59,554	
Net increase in the fair value of investments	3,209	
Other revenues	5,024	
Interest expense	(87,664)	
Bond fees	(1,062)	
Special assessment refunds	(693,001)	
		<u>(689,998)</u>
<b>Total non-operating revenues and (expenses)</b>		<u>(689,998)</u>
<b>Net loss before capital contributions</b>		(512,732)
<b>CAPITAL CONTRIBUTIONS</b>		
Connection fees		<u>7,100</u>
<b>Change in net position</b>		(505,632)
<b>NET POSITION, JULY 1, 2014</b>		<u>10,333,135</u>
<b>NET POSITION, JUNE 30, 2015</b>		<u><u>\$ 9,827,503</u></u>

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, 2015**

	<b>Sewage Disposal System Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$	1,302,705
Cash payments to employees		(274,210)
Cash payments to suppliers of goods and services		(531,679)
		496,816
<b>Net cash provided by operating activities</b>		<b>496,816</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Transfer in	\$	15,000
Connection fees received		7,100
Special assessments received		239,852
Other revenue (expense)		5,024
Interest/fees on long-term bonds		(88,726)
Acquisition of capital assets		(64,917)
Repayment of principal on bonds/contracts		(608,147)
Special assessments refunded		(693,001)
		(1,187,815)
<b>Net cash (used in) capital and related financing activities</b>		<b>(1,187,815)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and cash equivalents		8,942
Net increase in the fair value of investments		3,209
		12,151
<b>Net cash provided by investing activities</b>		<b>12,151</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(678,848)</b>
<b>CASH AND CASH EQUIVALENTS AT, JULY 1, 2014</b>		<b>2,222,422</b>
<b>CASH AND CASH EQUIVALENTS AT, JUNE 30, 2015</b>		<b>\$ 1,543,574</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$	177,266
Adjustments to reconcile operating income to net cash (used in) operating activities:		
Depreciation	\$	332,948
Change in assets and liabilities:		
(Increase) in receivables		(44,683)
(Increase) in prepaid expenses		(5,945)
Increase in accounts payable/accrued compensated absences		37,230
		319,550
<b>Total adjustments</b>		<b>319,550</b>
<b>Net cash provided by operating activities</b>	<b>\$</b>	<b>496,816</b>

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

**NORTHFIELD TOWNSHIP**

**STATEMENT OF NET POSITION  
ALL AGENCY FUNDS  
JUNE 30, 2015**

	<b>Current Tax Collection Fund</b>	<b>Trust and Agency Fund</b>	<b>Payroll Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$	\$ 46,212	\$ 18,520	\$ 64,732
Due from other funds	1,980	12		1,992
Due from others		3,870		3,870
<b>Total assets</b>	<b>\$ 1,980</b>	<b>\$ 50,094</b>	<b>\$ 18,520</b>	<b>\$ 70,594</b>
 <b>LIABILITIES</b>				
Due to other funds	\$	\$	\$ 1,916	\$ 1,916
Due to others	1,980	50,094	16,604	68,678
<b>Total liabilities</b>	<b>\$ 1,980</b>	<b>\$ 50,094</b>	<b>\$ 18,520</b>	<b>\$ 70,594</b>

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, 2015

#### **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, 2015

#### **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, 2015**

**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 two agency funds. One accounts for the collection and disbursement of property taxes and the other accounts for monies held in escrow for certain development projects.

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015**

**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 supervisor prepares the annual budgets through information received by the clerk. 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, 2015, expenditures exceeded appropriations in several functional activities.

**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 2014 adjusted taxable value of the Township totaled \$321,441,613. The Township levied the following millages during the current fiscal year ended June 30, 2015:

General operating	.7997
Fire	1.9240
Police	4.3022
Public safety building	<u>.8760</u>
Total millage	<u>7.9019</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, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**I. CASH AND CASH EQUIVALENTS**

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, or contributors or 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, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**N. DEFERRED OUTFLOWS OF RESOURCES**

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

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

Deferred outflows 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, 2015 the Township records deferred outflows of resources relating to pension differences from expected investment returns compared to actual, changes in experience, and changes in actuarial assumptions. In addition, the Township records deferred outflows of resources for pension contributions made subsequent to Net Pension Liability measurement date of December 31, 2014.

Deferred outflows of resources as of June 30, 2015 are as follows:

<b>Deferred Outflows of Resources</b>	
Differences in experience	\$ -
Differences in actuarial assumptions	-
Differences in investment expectations versus actual	18,739
Contributions made subsequent to pension liability measurement date	<u>27,714</u>
<b>Totals</b>	<b><u>\$ 46,453</u></b>

**O. DEFERRED INFLOWS OF RESOURCES**

In addition to liabilities, the Statement of Net Position and governmental fund balance sheet will report a separate section for deferred inflows of resources. Deferred inflows 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.

The Township has no items that qualify as a deferred inflow of resources as of June 30, 2015.

**P. DEFINED PENSION BENEFIT PLAN**

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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, 2015**

**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, 2015, 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 \$3,215 started on February 22, 1993. The total outstanding balance at June 30, 2015 was \$38,572.

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2015 was as follows:

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 320,821	\$ 98,582	\$	\$ 419,403
Construction in progress				
<b>Total cost - assets not being depreciated</b>	<u>320,821</u>	<u>98,582</u>		<u>419,403</u>
<b>Capital assets being depreciated:</b>				
Buildings	8,566,601	41,050		8,607,651
Equipment	<u>2,075,608</u>	<u>170,172</u>		<u>2,245,780</u>
<b>Total cost</b>	<u>10,642,209</u>	<u>211,222</u>		<u>10,853,431</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(2,053,648)	(193,315)		(2,246,963)
Equipment	<u>(1,659,986)</u>	<u>(139,998)</u>		<u>(1,799,984)</u>
<b>Total accumulated depreciation</b>	<u>(3,713,634)</u>	<u>(333,313)</u>		<u>(4,046,947)</u>
<b>Capital assets being depreciated, net</b>	<u>6,928,575</u>	<u>(122,091)</u>		<u>6,806,484</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 7,249,396</u>	<u>\$ (23,509)</u>	<u>\$</u>	<u>\$ 7,225,887</u>
<b>Related long-term debt outstanding at June 30, 2015</b>				<u>(3,645,981)</u>
<b>Governmental activities capital assets, net of related long-term debt</b>				<u><u>\$ 3,579,906</u></u>

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 4 - CAPITAL ASSETS - continued**

	<b>Balance 7/1/2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2015</b>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 226,918	\$	\$	\$ 226,918
<b>Total capital assets   not being depreciated</b>	<b>226,918</b>			<b>226,918</b>
<b>Capital assets being depreciated:</b>				
Plant and equipment	14,643,962	64,917		14,708,879
<b>Less accumulated depreciation for:</b>				
Plant and equipment	(5,842,780)	(332,948)		(6,175,728)
<b>Capital assets being depreciated, net</b>	<b>8,801,182</b>	<b>(268,031)</b>		<b>8,533,151</b>
<b>Business-type activities   capital assets, net</b>	<b>\$ 9,028,100</b>	<b>\$ (268,031)</b>	<b>\$</b>	<b>\$ 8,760,069</b>
<b>Less: related long-term debt outstanding as of June 30, 2015</b>				<b>(1,604,876)</b>
<b>Business-type activities capital assets net of related debt</b>				<b>\$ 7,155,193</b>

Depreciation expense was distributed to the various activities as follows:

<b>Governmental activities:</b>	
General government	\$ 10,522
Fire protection and medical rescue	160,106
Police protection	124,757
Recreation	30,355
Community center	7,573
	<b>333,313</b>
<b>Subtotal</b>	
	<b>333,313</b>
<b>Business-type activities:</b>	
Sewer service	332,948
	<b>332,948</b>
<b>Total</b>	<b>\$ 666,261</b>

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 5 - LONG-TERM OBLIGATIONS**

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

**Capital Leases**

1. On September 26, 2005 the Township entered into a lease agreement with Kansas State Bank of Manhattan to purchase two (2) fire trucks and refinance of a medical rescue truck. The Township is required to make annual payments in arrears of \$13,575 for the first three years and \$48,109 for the remaining seven years. At the end of the lease term title to all leased assets passes to the Township. Interest of 4.85% is being charged on the lease. The lease is scheduled to expire on October 1, 2015. The outstanding principal balance was \$45,856 at June 30, 2015.

**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 \$260,000 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, 2015 was \$1,730,000.
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 as well as the Seven Mile sewer project. Principal payments range from \$223,000 to \$280,000 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, 2015 was \$1,870,125.

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 5 - LONG-TERM OBLIGATIONS - continued**

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

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2015</u>	<u>Amount Due Within One Year</u>
<b>Capitalized Lease</b>					
Kansas State Bank	\$ 89,631	\$	\$ (43,775)	\$ 45,856	\$ 45,856
<b>Bonds Payable</b>					
General Obligation Bond, Series 2012 Refunding of 7 Mile Extension	1,965,000		(235,000)	1,730,000	230,000
General Obligation Bond, Series 2012 Refunding of 2002/2003 Public Safety Building Bonds	<u>2,076,978</u>		<u>(206,853)</u>	<u>1,870,125</u>	<u>219,518</u>
<b>Total bonds payable</b>	<u>4,041,978</u>		<u>(441,853)</u>	<u>3,600,125</u>	<u>449,518</u>
<b>Governmental activities long term obligations</b>	<u>\$ 4,131,609</u>	<u>\$</u>	<u>\$ (485,628)</u>	<u>\$ 3,645,981</u>	<u>\$ 495,374</u>



**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 5 - LONG-TERM DEBT - continued**

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

	<u>Capitalized Leases</u>		<u>Bonds Payable</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<b>Year Ending:</b>						
2016	\$ 45,856	\$ 2,225	\$ 454,518	\$ 84,603	\$ 500,374	\$ 86,828
2017			445,297	73,922	445,297	73,922
2018			486,404	63,458	486,404	63,458
2019			481,404	52,027	481,404	52,027
2020			477,183	40,714	477,183	40,714
2021 - 2023			1,255,319	52,177	1,255,319	52,177
<b>Totals</b>	<u>\$ 45,856</u>	<u>\$ 2,225</u>	<u>\$ 3,600,125</u>	<u>\$ 366,901</u>	<u>\$ 3,645,981</u>	<u>\$ 369,126</u>

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 decline 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 2.0% to 4.5%. Outstanding balance of the bonds was \$305,000 at June 30, 2015.
2. Loan payable to Washtenaw County to finance the refunding bonds for the various expansion project bonds. A net present value savings of \$243,781 was created by issuing these refunding bonds due to decline in interest rates. Principal payable in annual installments ranging from \$485,000 to \$555,000 starting May 2008, and maturing on May 2017. Interest is paid semi-annually charged at 4.25%. Outstanding balance of the bonds was \$955,000 at June 30, 2015.
3. 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 as well as the Seven Mile Sewer Project. Principal payments range from \$223,000 to \$280,000 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, 2015 was \$344,876.

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

<u>Bonds Payable</u>	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>	<u>Amount Due Within One Year</u>
Expansion - Seven Mile refunding	\$ 383,022		\$ (38,146)	\$ 344,876	\$ 38,147
Expansion - 2007 refunding	1,490,000		(535,000)	955,000	555,000
Michigan Municipal Bond Authority: 1992 junior lien refunding	340,000		(35,000)	305,000	40,000
<b>Total business-type activities long-term debt</b>	<u>\$ 2,213,022</u>	<u>\$</u>	<u>\$ (608,146)</u>	<u>\$ 1,604,876</u>	<u>\$ 633,147</u>

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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:

	<b>Bonds Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 635,482	\$ 62,631	\$ 698,113
2017	479,703	36,392	516,095
2018	88,596	16,739	105,335
2019	88,596	13,746	102,342
2020	87,818	10,696	98,514
2021 - 2023	224,681	12,857	237,538
<b>Totals</b>	<b>\$ 1,604,876</b>	<b>\$ 153,061</b>	<b>\$ 1,757,937</b>

**NOTE 6 - 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](http://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 with a maximum of 80%. Final average compensation is calculated based on the employee's final 3 years wages. The plan has a vesting period of 6 years, with normal retirement at age 60 and early retirement eligible at age 55 with 15 years of continuous service or age 50 with 25 years of continuous service.

***Employees covered by benefit terms***

At the December 31, 2014 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	10
	13

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 - DEFINED BENEFIT PLAN - continued**

***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, 2015 was 2.16% of eligible wages to fund the plan. The Township contributed \$55,589 to the plan during the reporting period.

***Net Pension Liability***

The employer's Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

***Actuarial assumptions***

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3%-4%.

Salary Increases: 4.5% in the long term (1%, 2% and 3% for calendar years 2014, 2015 and 2016 respectively).

Investment rate of return: 8.0%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with price inflation of 3%-4%.

Mortality rates used were based on the 2002 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013).

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 - DEFINED BENEFIT PLAN - continued**

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 8.25% for 2014. 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, 2015**

**NOTE 6 - DEFINED BENEFIT PLAN - continued**

**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Balance at 12/31/2013</b>	\$ 1,309,125	\$ 1,220,312	\$ 88,813
<b>Changes for the year</b>			
Service cost	68,319		68,319
Interest on total pension liability	110,821		110,821
Changes in benefits			
Difference between expected and actual experience			
Changes in assumptions			
Employer contributions		55,589	(55,589)
Employee contributions		54,529	(54,529)
Net investment income		81,669	(81,669)
Benefit payments, including employee refunds			
Administrative expense		(3,030)	3,030
Other changes			
<b>Net changes</b>	<u>179,140</u>	<u>188,757</u>	<u>(9,617)</u>
<b>Balances as of 12/31/14</b>	<u>\$ 1,488,265</u>	<u>\$ 1,409,069</u>	<u>\$ 79,196</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 8.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% point lower (7.25%) or 1% higher (9.25%) than the current rate.

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 - DEFINED BENEFIT PLAN - continued**

**Sensitivity of the Net Pension Liability to changes in the discount rate - continued**

	<b>1% Decrease 7.25%</b>	<b>Current Discount Rate 8.25%</b>	<b>1% Increase 9.25%</b>
Net Pension Liability at 12/31/14	\$	\$ 79,196	\$
Change in Net Pension Liability (NPL) from change in discount rate	<u>288,746</u>		<u>(233,798)</u>
<b>Calculated NPL</b>	<b><u>\$ 367,942</u></b>	<b><u>\$ 79,196</u></b>	<b><u>\$(154,602)</u></b>

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.

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension**

For the year ended June 30, 2015, the Township recognized pension expense of \$27,233. The Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences in experience	\$	\$
Differences in assumptions		
Excess (Deficit) of investment returns	18,739	
Contributions subsequent to the measurement date	<u>27,714</u>	
<b>Totals</b>	<b><u>\$ 46,453</u></b>	<b><u>\$</u></b>

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 - DEFINED BENEFIT PLAN - continued**

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension - continued**

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

Year Ended	Expense
2016	\$ 4,685
2017	4,685
2018	4,685
2019	4,684
<b>Total</b>	<b>\$ 18,739</b>

The amounts reported as deferred outflows 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, 2015.

**NOTE 7 - 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 name is "Group Pension Plan" #GN 53402 through John Hancock Financial. A summary of the plan's activity for the period July 1, 2014 to June 30, 2015, is as follows:

Current year contributions	
Township portion	\$ 64,887
Employee portion	32,617
<b>Total contributions</b>	<b>\$ 97,504</b>



**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 8 - INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS**

Interfund receivables and payables exist at June 30, 2015. 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:

	<b>Interfund Receivable</b>		<b>Interfund Payable</b>
General Fund	\$ 726	Payroll Fund	\$ 726
Law Enforcement Fund	706	Payroll Fund	706
Fire Fund	381	Payroll Fund	381
Sewer Fund	103	Payroll Fund	103
Trust and Agency Fund	12	General Fund	12
Current Tax Fund	1,980	General Fund	1,980
<b>Total interfund balances</b>	<b>\$ 3,908</b>		<b>\$ 3,908</b>

Interfund transfers for the year ended June 30, 2015 were as follows:

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Purpose</b>	<b>Amount</b>
General Fund	DDA Fund	Pay operating expenditures	\$ 20,000
Law Enforcement Fund	Federal Narcotics Fund	Pay operating expenditures	35,000
Law Enforcement Fund	State Narcotics Fund	Pay operating expenditures	1,000
Law Enforcement Fund	General Fund	Pay operating expenditures	5,000
Fire Fund	General Fund	Pay operating expenditures	25,000
Fire Fund	General Fund	Pay operating expenditures	5,890
Sewer Fund	General Fund	Pay operating expenditures	15,000
			<b>\$ 106,890</b>

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015 deposits and investments consist of the following:

<b>Cash and cash equivalents:</b>	
Checking accounts	\$ 2,763,246
Money market accounts	<u>1,372,589</u>
<b>Total cash and investments</b>	<u>4,135,835</u>
<b>Investments</b>	
Negotiable certificates of deposit	286,851
U.S. Governmental securities	<u>35,088</u>
<b>Total investments</b>	<u>321,939</u>
<b>Total cash, cash equivalents and investments</b>	<u><u>\$ 4,457,774</u></u>

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

<b>Statement of Net Position:</b>	
Cash, cash equivalents and investments	\$ 3,141,477
Restricted cash, cash equivalents and investments	<u>1,209,147</u>
	4,350,624
<b>Fiduciary Funds</b>	
Cash and cash equivalents	<u>64,732</u>
<b>Total cash, cash equivalents and investments</b>	<u><u>\$ 4,415,356</u></u>

The carrying amount of cash, cash equivalents and investments is stated at \$4,415,356 as of June 30, 2015. The difference between the carrying amounts and the amounts mentioned above stem from cash on hand of \$600, outstanding checks and deposits.

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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	\$ 750,000
Uninsured and uncollateralized	<u>3,385,835</u>
<b>Total</b>	<u><u>\$ 4,135,835</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.

As of June 30, 2015, the Township's investments were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 286,851
Insured by SIPC	<u>35,088</u>
<b>Total</b>	<u><u>\$ 321,939</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.

SIPC protects up to \$500,000 of cash and securities held by a brokerage firm in the event the brokerage firm goes out of business. There is a \$250,000 limit for cash.

**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, investments in any one issuer that represent 5 percent or more of total investments are:

<u>Investment Type</u>	<u>Issuer</u>	<u>Percent of Portfolio</u>
US Agencies	Federal Farm Credit Bank	11%
Negotiable CD	Wells Fargo Bank	78%
Negotiable CD	Standard Federal Bank	11%

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates and 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, 2015 the Township had the following investment maturities:

<u>Investment Type</u>	<u>Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
U.S. Agencies (Callable 7/5/15)	\$ 35,088	\$	\$ 35,088	\$
Negotiable CD's	286,851		37,238	249,613
	<u>\$ 321,939</u>	<u>\$</u>	<u>\$ 72,326</u>	<u>\$ 249,613</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, 2015, the Township's investments were exposed to credit risk as follows:

<u>Investment Type</u>	<u>Rating by S &amp; P</u>	<u>Amount</u>
Negotiable Certificates of Deposit	Unrated	\$ 286,851
Government Securities	AA+	35,088
		<u>\$ 321,939</u>

**NORTHFIELD TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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. The following is a schedule to reconcile cash and cash equivalents per the Statement of Cash Flows to cash, cash equivalents, and investments per the Statement of Net Position:

	<u>6/30/2015</u>
Cash and cash equivalents	\$ 1,256,724
Investments	<u>286,850</u>
	<u>\$ 1,543,574</u>

**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, 2015 consisted of the following:

	<u>Sewage Disposal System Fund</u>
Cash, cash equivalents and investments	\$ 1,209,148
Special assessment receivables	<u>809,330</u>
<b>Total</b>	<u>\$ 2,018,478</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, 2015**

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$	\$ 256,700	\$ 256,344	\$ (356)
State shared revenues		657,500	650,034	(7,466)
Charges for services		322,309	331,189	8,880
Interest		1,500	180	(1,320)
Net increase in the fair value of investments			124	124
Miscellaneous revenue		12,660	14,774	2,114
<b>Total revenues</b>		<u>1,490,969</u>	<u>1,252,645</u>	<u>1,976</u>
<b>EXPENDITURES</b>				
Township board	29,765	29,765	27,782	1,983
Supervisor	14,877	14,877	12,125	2,752
Township manager	170,666	170,666	154,230	16,436
Elections	19,150	19,150	18,578	572
Clerk	57,065	61,375	60,058	1,317
Board of review	22,953	22,953	13,724	9,229
Treasurer	86,319	93,369	91,035	2,334
Assessor	123,766	123,766	97,948	25,818
Township hall and grounds	141,679	145,429	132,807	12,622
Professional fees	65,400	65,400	73,036	(7,636)
Community development	2,500	2,500	2,500	
Zoning and planning departments	91,739	100,155	93,620	6,535
Street lights	37,020	37,020	35,029	1,991
Roads	380,500	135,275	119,336	15,939
Community Center	100,005	101,725	95,788	5,937
Contingency - liens	10,000	10,000	645	9,355
Capital outlay	16,000	110,600	107,508	3,092
Rent - PSB	85,225	85,225	85,221	4
<b>Total expenditures</b>		<u>1,454,629</u>	<u>1,220,970</u>	<u>108,280</u>
<b>Excess of revenues over (under) expenditures</b>		36,340	31,675	110,256
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in		20,000	20,000	
Transfers (out)		(25,000)	(50,890)	
<b>Total other financing sources (uses)</b>		(5,000)	(30,890)	
<b>Net change in fund balance</b>		31,340	785	110,256
<b>FUND BALANCE, JULY 1, 2014</b>		<u>1,549,378</u>	<u>1,549,378</u>	
<b>FUND BALANCE, JUNE 30, 2015</b>		<u>\$ 1,580,718</u>	<u>\$ 1,550,163</u>	<u>\$ 110,256</u>

**NORTHFIELD TOWNSHIP**

**LAW ENFORCEMENT FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgets</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$	\$	\$ 1,379,181	\$
Fines and court fees			25,064	
Traffic tickets and impound fees			2,140	
Liquor law license fees			2,634	
Contributions			1,500	
Charges for services			27,804	
Miscellaneous			4,005	
<b>Total revenues</b>	1,446,146	1,451,146	1,442,328	(8,818)
<b>EXPENDITURES</b>	<u>1,481,649</u>	<u>1,544,099</u>	<u>1,498,175</u>	<u>45,924</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(35,503)</u>	<u>(92,953)</u>	<u>(55,847)</u>	<u>37,106</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>36,000</u>	<u>41,000</u>	<u>41,000</u>	
<b>Net change in fund balance</b>	497	(51,953)	(14,847)	37,106
<b>FUND BALANCE, JULY 1, 2014</b>	<u>470,378</u>	<u>470,378</u>	<u>470,378</u>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<u>\$ 470,875</u>	<u>\$ 418,425</u>	<u>\$ 455,531</u>	<u>\$ 37,106</u>



**NORTHFIELD TOWNSHIP**

**FIRE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgets		Actual	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$	\$	\$ 616,776	\$
Charges for services			12,087	
Grant income			4,841	
Other income			4,562	
<b>Total revenues</b>	<u>632,152</u>	<u>632,152</u>	<u>638,266</u>	<u>6,114</u>
<b>EXPENDITURES</b>				
Salaries			282,681	
Payroll taxes			21,627	
Hospitalization			24,931	
Life insurance			845	
Pension			7,913	
Medical testing			585	
Uniforms			13,502	
Accounting services			8,171	
Audit fees			3,060	
Transportation			10,337	
Training and development			4,567	
Membership fees			1,175	
Contractual services			1,594	
Dispatch services			10,274	
Telephone			4,231	
Supplies			6,530	
Insurance and bonds			64,185	
Office overhead			44,889	
PSB lease			85,221	
Printing and postage			306	
Utilities			9,098	
Repairs and maintenance			27,899	
Debt - principal			43,775	
Debt - interest			4,349	
Tax chargebacks/drains			5,521	
Capital outlay			4,601	
Personnel allocation			(59,485)	
<b>Total expenditures</b>	<u>656,643</u>	<u>662,033</u>	<u>632,382</u>	<u>29,651</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(24,491)</u>	<u>(29,881)</u>	<u>5,884</u>	<u>35,765</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (out)		30,890	30,890	
<b>Net change in fund balance</b>	<u>(24,491)</u>	<u>1,009</u>	<u>36,774</u>	<u>35,765</u>
<b>FUND BALANCE, JULY 1, 2014</b>	<u>412,432</u>	<u>412,432</u>	<u>412,432</u>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<u>\$ 387,941</u>	<u>\$ 413,441</u>	<u>\$ 449,206</u>	<u>\$ 35,765</u>

**NORTHFIELD TOWNSHIP**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Schedule of Employer Contributions**

	<b>For the Plan Year Ended December 31, 2014</b>
Actuarial determined contributions	\$ 55,589
Contributions in relation to the actuarial determined contribution	55,589
Contribution deficiency (excess)	\$
Covered employee payroll	\$ 555,890
Contributions as a percentage of covered payroll	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.

**Notes to the Schedule of Employer Contributions**

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	24 years
Asset valuation method	10 years smoothed
Inflation	3.50%
Salary increases	4.50%
Investment rate of return	8.00%
Retirement age	Age 60, early retirement at 55 with 15 years of service or 50 with 25 years of service
Mortality	50% Female/50% Male 2002 group Annuity Mortality Table

**Previous Actuarial Methods and Assumptions**

A seven 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, 2015**

	<b>For the Plan Year Ended December 31, 2014</b>
<b>Total pension liability</b>	
Service cost	\$ 68,319
Interest	110,821
Changes in benefit terms	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments, including refunds of employee contributions	<hr/>
<b>Net change in total pension liability</b>	179,140
<b>Total pension liability - beginning</b>	<hr/> 1,309,125
<b>Total pension liability - ending</b>	<hr/> <u>\$ 1,488,265</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	55,589
Contributions - employee	54,529
Net investment income	81,669
Benefit payments, including refunds of employee contributions	
Administrative Expenses	<hr/> (3,030)
<b>Net change in plan fiduciary net position</b>	188,757
<b>Plan fiduciary net position, beginning</b>	<hr/> 1,220,312
<b>Plan fiduciary net position, ending</b>	<hr/> <u>\$ 1,409,069</u>
<b>Net pension liability</b>	
<b>Total pension liability and plan fiduciary net position</b>	<hr/> <u>\$ 79,196</u>
Plan fiduciary net position as a percentage of the total pension liability	<hr/> 94.68%
Covered employee payroll	<hr/> <u>\$ 555,890</u>
Net pension liability as a percentage of covered employee payroll	<hr/> <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, 2015**

**NOTE - BUDGETARY INFORMATION**

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

**Budget Overruns**

In funds that were required by law to adopt budgets, during the year ended June 30, 2015 expenditures exceeded appropriations in several areas as follows:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance (Unfavorable)</u>
<b>General Fund:</b>			
Professional fees	\$ 65,400	\$ 73,036	\$ (7,636)

**SUPPLEMENTARY INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

**NORTHFIELD TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	SPECIAL REVENUE FUNDS						DEBT SERVICE	Totals
	Building Department Fund	Fire Truck Fund	Narcotics Fund	Federal Narcotics Fund	Public Contribution Fund	Downtown Development Authority Fund	Public Safety Building Fund	
<b>ASSETS</b>								
Cash and investments	\$ 89,058	\$	\$ 99,844	\$ 363,983	\$ 5,163	\$ 65,965	\$ 28,146	\$ 652,159
Taxes receivable							1,143	1,143
<b>Total assets</b>	<u>\$ 89,058</u>	<u>\$</u>	<u>\$ 99,844</u>	<u>\$ 363,983</u>	<u>\$ 5,163</u>	<u>\$ 65,965</u>	<u>\$ 29,289</u>	<u>\$ 653,302</u>
<b>LIABILITIES</b>								
Accounts payable	<u>\$ 9,196</u>	<u>\$ 580</u>	<u>\$</u>	<u>\$ 4,071</u>	<u>\$</u>	<u>\$</u>	<u>\$ 16,079</u>	<u>\$ 29,926</u>
<b>FUND BALANCE</b>								
Restricted								
Fire protection		(580)						(580)
Law enforcement			99,844	177,912				277,756
Community development					5,163	61,765		66,928
Committed								
Building department	79,862							79,862
Debt service							13,210	13,210
Assigned for budget deficit				182,000		4,200		186,200
<b>Total fund balances</b>	<u>79,862</u>	<u>(580)</u>	<u>99,844</u>	<u>359,912</u>	<u>5,163</u>	<u>65,965</u>	<u>13,210</u>	<u>623,376</u>
<b>Total liabilities and fund balance</b>	<u>\$ 89,058</u>	<u>\$</u>	<u>\$ 99,844</u>	<u>\$ 363,983</u>	<u>\$ 5,163</u>	<u>\$ 65,965</u>	<u>\$ 29,289</u>	<u>\$ 653,302</u>



**NORTHFIELD TOWNSHIP**

**COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
JUNE 30, 2015**

	<b>Current Tax Collection Fund</b>	<b>Trust and Agency Fund</b>	<b>Payroll Fund</b>	<b>Totals</b>
<b><u>ASSETS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$	\$ 46,212	\$ 18,520	\$ 64,732
Due from other funds	1,980	12		1,992
Due from others		3,870		3,870
<b>Total assets</b>	<b>\$ 1,980</b>	<b>\$ 50,094</b>	<b>\$ 18,520</b>	<b>\$ 70,594</b>
<b><u>LIABILITIES</u></b>				
<b>LIABILITIES</b>				
Due to other funds	\$	\$	\$ 1,916	\$ 1,916
Due to others	1,980	50,094	16,604	68,678
<b>Total liabilities</b>	<b>\$ 1,980</b>	<b>\$ 50,094</b>	<b>\$ 18,520</b>	<b>\$ 70,594</b>

**NORTHFIELD TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>SPECIAL REVENUE FUNDS</u>				<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>		<u>Totals</u>
	<u>Building Department Fund</u>	<u>Fire Truck Fund</u>	<u>Narcotics Fund</u>	<u>Federal Narcotics Fund</u>	<u>Public Contributions Fund</u>	<u>Downtown Development Authority Fund</u>	<u>Building Authority Fund</u>	<u>Public Safety Building Fund</u>	
<b>REVENUES</b>									
Taxes	\$	\$	\$	\$	\$	\$	\$	\$ 280,808	\$ 280,808
Fines and forfeits			74,709	93,271					167,980
Charges for services	2,340								2,340
Licenses and permits	70,467								70,467
Donations					3,500	4			3,504
Rental income							255,662		255,662
Other income		66						440	506
<b>Total revenues</b>	<u>72,807</u>	<u>66</u>	<u>74,709</u>	<u>93,271</u>	<u>3,500</u>	<u>4</u>	<u>255,662</u>	<u>281,248</u>	<u>781,267</u>
<b>EXPENDITURES</b>									
General government	58,359				2,401			41,074	101,834
Police protection			20,111	214,069					234,180
Public works						5,538			5,538
Debt service - principal							206,853	235,000	441,853
Debt service - interest and fees							48,809	46,178	94,987
<b>Total expenditures</b>	<u>58,359</u>		<u>20,111</u>	<u>214,069</u>	<u>2,401</u>	<u>5,538</u>	<u>255,662</u>	<u>322,252</u>	<u>878,392</u>
<b>Excess of revenues over (under) expenditures</b>	<u>14,448</u>	<u>66</u>	<u>54,598</u>	<u>(120,798)</u>	<u>1,099</u>	<u>(5,534)</u>		<u>(41,004)</u>	<u>(97,125)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers (out)			(1,000)	(35,000)		(20,000)			(56,000)
<b>Net changes in fund balances</b>	14,448	66	53,598	(155,798)	1,099	(25,534)		(41,004)	(153,125)
<b>FUND BALANCE, JULY 1, 2014</b>	<u>65,414</u>	<u>(646)</u>	<u>46,246</u>	<u>515,710</u>	<u>4064</u>	<u>91,499</u>		<u>54,214</u>	<u>776,501</u>
<b>FUND BALANCE, (DEFICIT) JUNE 30, 2015</b>	<u>\$ 79,862</u>	<u>\$ (580)</u>	<u>\$ 99,844</u>	<u>\$ 359,912</u>	<u>\$ 5,163</u>	<u>\$ 65,965</u>	<u>\$</u>	<u>\$ 13,210</u>	<u>\$ 623,376</u>

**INDIVIDUAL FUNDS**

**GENERAL FUND**

NORTHFIELD TOWNSHIP

GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2015

**ASSETS**

Cash and investments		\$ 1,258,087
Taxes receivable		1,497
Special assessment		78,148
Grant receivable		4,817
State shared revenue receivable		114,987
Accounts receivable - other		26,516
Due from other funds		726
Prepaid expenditures		76,166
Land contract receivable - Northfield Township Area Library		<u>38,571</u>
<b>Total assets</b>		<u><u>\$ 1,599,515</u></u>

**LIABILITIES**

Accounts payable	\$ 42,530	
Due to others	4,830	
Due to other funds	<u>1,992</u>	
<b>Total liabilities</b>		\$ 49,352

**FUND BALANCE**

Nonspendable - prepaid items	76,166	
Nonspendable - Library receivable	38,571	
Unassigned	<u>1,435,426</u>	
<b>Total fund balance</b>		<u>1,550,163</u>
<b>Total liabilities and fund balance</b>		<u><u>\$ 1,599,515</u></u>

**NORTHFIELD TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$ 256,700	\$ 256,344	\$ (356)
State shared revenues	657,500	650,034	(7,466)
Charges for services	322,309	331,189	8,880
Interest	1,500	180	(1,320)
Net increase in the fair value of investments		124	124
Miscellaneous revenue	12,660	14,774	2,114
<b>Total revenues</b>	<u>1,250,669</u>	<u>1,252,645</u>	<u>1,976</u>
<b>EXPENDITURES</b>			
Township board	29,765	27,782	1,983
Supervisor	14,877	12,125	2,752
Township manager	170,666	154,230	16,436
Elections	19,150	18,578	572
Clerk	61,375	60,058	1,317
Board of review	22,953	13,724	9,229
Treasurer	93,369	91,035	2,334
Assessor	123,766	97,948	25,818
Township hall and grounds	145,429	132,807	12,622
Professional fees	65,400	73,036	(7,636)
Community development	2,500	2,500	
Zoning and planning departments	100,155	93,620	6,535
Street lights	37,020	35,029	1,991
Roads	135,275	119,336	15,939
Community Center	101,725	95,788	5,937
Contingency - liens	10,000	645	9,355
Capital outlay	110,600	107,508	3,092
Rent - PSB	85,225	85,221	4
<b>Total expenditures</b>	<u>1,329,250</u>	<u>1,220,970</u>	<u>108,280</u>
<b>Excess of revenues over (under) expenditures</b>	(78,581)	31,675	110,256
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	20,000	20,000	
Transfers (out)	(50,890)	(50,890)	
<b>Total other financing sources (uses)</b>	(30,890)	(30,890)	
<b>Net change in fund balance</b>	(109,471)	785	110,256
<b>FUND BALANCE, JULY 1, 2014</b>	<u>1,549,378</u>	<u>1,549,378</u>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<u>\$ 1,439,907</u>	<u>\$ 1,550,163</u>	<u>\$ 110,256</u>

**NORTHFIELD TOWNSHIP**  
**GENERAL FUND**  
**STATEMENT OF REVENUES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>TAXES</b>	\$ 256,700	\$ 256,344	\$ (356)
<b>STATE SHARED REVENUES</b>	657,500	650,034	(7,466)
<b>CHARGES FOR SERVICES</b>			
Tax administration fees		136,940	
Sewer administration		43,969	
Cablevision franchise fees		97,379	
Fiber footage fees		7,557	
Zoning fees		7,770	
Mobile home park fees		2,900	
Summer tax collection fees		13,488	
Duplicating		55	
Penalties and interest on taxes		2,826	
Community Center		17,965	
Licenses		340	
<b>Total charges for services</b>	322,309	331,189	8,880
<b>INTEREST</b>	1,500	180	(1,320)
<b>GAIN (LOSS) ON INVESTMENTS</b>		124	124
<b>MISCELLANEOUS REVENUE</b>			
Rental income		11,460	11,460
Miscellaneous		3,314	3,314
<b>Total miscellaneous revenue</b>	12,660	14,774	2,114
<b>Total revenues</b>	\$ 1,250,669	\$ 1,252,645	\$ 1,976

**NORTHFIELD TOWNSHIP**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TOWNSHIP BOARD</b>			
Fees	\$	\$ 9,892	\$
Payroll taxes		757	
Membership and dues		9,551	
Printing and publishing		7,073	
Miscellaneous		509	
	<u>29,765</u>	<u>27,782</u>	<u>1,983</u>
<b>TOTAL township board</b>			
<b>SUPERVISOR</b>			
Supervisor's salary		12,500	
Payroll taxes		(661)	
Training and development		286	
	<u>14,877</u>	<u>12,125</u>	<u>2,752</u>
<b>TOTAL supervisor</b>			
<b>TOWNSHIP MANAGER</b>			
Salaries		102,326	
Payroll taxes		11,995	
Insurance - benefits		7,510	
Pension		7,214	
Controller		54,478	
Contracted services		5,858	
Communication		606	
Training		744	
Personnel allocation		(36,501)	
	<u>170,666</u>	<u>154,230</u>	<u>16,436</u>
<b>TOTAL township manager</b>			
<b>ELECTIONS</b>			
Fees		9,417	
Office supplies		4,929	
Contractual services		1,760	
Printing and postage		2,472	
	<u>19,150</u>	<u>18,578</u>	<u>572</u>
<b>TOTAL elections</b>			



**NORTHFIELD TOWNSHIP**

**GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CLERK</b>			
Clerk's salary		11,538	
Deputy clerk's salary		38,508	
Payroll taxes		3,829	
Fuel and mileage		35	
Recording secretary		6,148	
<b>Total clerk</b>	<b>61,375</b>	<b>60,058</b>	<b>1,317</b>
<b>BOARD OF REVIEW</b>			
Fees		1,389	
Recording secretary		1,050	
Payroll taxes		106	
Printing		682	
Tax tribunal and drains		10,497	
<b>Total board of review</b>	<b>22,953</b>	<b>13,724</b>	<b>9,229</b>
<b>TREASURER</b>			
Treasurer's salary		12,500	
Deputy/clerical salaries		64,452	
Payroll taxes		5,887	
Insurance - benefits		10,550	
Pension		4,213	
Legal fees		6,000	
Tax roll preparation		1,441	
Dues and subscriptions		100	
Postage		3,573	
Fuel and mileage		217	
Miscellaneous		3,138	
Personnel allocation		(21,036)	
<b>Total treasurer</b>	<b>93,369</b>	<b>91,035</b>	<b>2,334</b>

**NORTHFIELD TOWNSHIP**

**GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>ASSESSOR</b>			
Salaries		25,461	
Payroll taxes		2,195	
Insurance - benefits		5,770	
Pension		236	
Supplies		1,186	
Training		1,050	
Contracted services		59,848	
Postage		2,202	
<b>Total assessor</b>	<b>123,766</b>	<b>97,948</b>	<b>25,818</b>
<b>TOWNSHIP HALL AND GROUNDS</b>			
Salaries		5,240	
Payroll taxes		456	
Insurance - general liability		25,203	
PSB allocation		44,890	
Janitor fees		5,295	
Office supplies		9,976	
Telephone		8,917	
Postage		4,597	
Utilities		217	
Repairs and maintenance		20,029	
Tax chargebacks		4,048	
Miscellaneous		263	
Equipment rental		3,676	
<b>Total township hall and grounds</b>	<b>145,429</b>	<b>132,807</b>	<b>12,622</b>
<b>PROFESSIONAL FEES</b>	<b>65,400</b>	<b>73,036</b>	<b>(7,636)</b>
<b>COMMUNITY DEVELOPMENT</b>	<b>2,500</b>	<b>2,500</b>	

**NORTHFIELD TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>ZONING AND PLANNING DEPARTMENTS</b>			
Board of appeals fees		3,100	
Salaries - recording secretary		5,598	
Payroll taxes		1,140	
Training		1,429	
Department allocation		7,600	
Planning commission fees		11,800	
Printing and publications		3,255	
Professional fees		34,030	
Contractual services		8,416	
Code enforcement		16,641	
Fuel and mileage		611	
	<hr/>	<hr/>	<hr/>
<b>Total zoning and planning departments</b>	100,155	93,620	6,535
	<hr/>	<hr/>	<hr/>
<b>STREET LIGHTS</b>	37,020	35,029	1,991
	<hr/>	<hr/>	<hr/>
<b>ROADS</b>	135,275	119,336	15,939
	<hr/>	<hr/>	<hr/>
<b>COMMUNITY CENTER</b>			
Salaries		37,423	
Payroll taxes		2,863	
Insurance - benefits		9,136	
Pension		3,734	
Programs		20,444	
Grant expense		519	
Janitorial service		4,435	
Senior nutrition		129	
Supplies		2,531	
Dues		110	
Telephone		3,523	
Printing and publications		1,870	
Insurance - general liability		1,218	
Utilities		2,903	
Repair and maintenance		4,944	
Small equipment		6	
	<hr/>	<hr/>	<hr/>
<b>Total community center</b>	101,725	95,788	5,937
	<hr/>	<hr/>	<hr/>

NORTHFIELD TOWNSHIP

GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
CONTINGENCY - LIENS	<u>10,000</u>	<u>645</u>	<u>9,355</u>
CAPITAL OUTLAY	<u>110,600</u>	<u>107,508</u>	<u>3,092</u>
RENT - PSB	<u>85,225</u>	<u>85,221</u>	<u>4</u>
Total expenditures	<u>\$ 1,329,250</u>	<u>\$ 1,220,970</u>	<u>\$ 108,280</u>

**BUILDING DEPARTMENT FUND**

**NORTHFIELD TOWNSHIP**  
**BUILDING DEPARTMENT FUND**  
**BALANCE SHEET**  
**JUNE 30, 2015**

**ASSETS**

Cash and cash equivalents	<u>\$ 89,058</u>
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**LIABILITIES**

Accounts payable	\$ 9,196
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**FUND BALANCE**

<u>79,862</u>
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<b>Total liabilities and fund balance</b>	<u>\$ 89,058</u>
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**NORTHFIELD TOWNSHIP**

**BUILDING DEPARTMENT FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Building permit fees	\$	\$ 70,467	\$
Contractor's registration		2,340	
	<b>65,065</b>	<b>72,807</b>	<b>7,742</b>
<b>EXPENDITURES</b>			
Inspections		36,746	
Other professional services		2,534	
Telephone		346	
Supplies		392	
Personnel allocation		18,341	
	<b>60,232</b>	<b>58,359</b>	<b>1,873</b>
<b>Net change in fund balance</b>	<b>4,833</b>	<b>14,448</b>	<b>9,615</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>65,414</b>	<b>65,414</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$ 70,247</b>	<b>\$ 79,862</b>	<b>\$ 9,615</b>

**FIRE FUND**



**NORTHFIELD TOWNSHIP**

**FIRE FUND  
BALANCE SHEET  
JUNE 30, 2015**

**ASSETS**

Cash and investments	\$ 451,406
Taxes	2,421
Prepaid expenses	1,677
Due from others	4,978
Due from other funds	<u>381</u>

**Total assets** \$ 460,863

**LIABILITIES**

Accounts payable	\$ 11,657
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**FUND BALANCE**

Restricted - Fire	<u>449,206</u>
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**Total liabilities and fund balance** \$ 460,863

**NORTHFIELD TOWNSHIP**

**FIRE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$	\$ 616,776	\$
Charges for services		12,087	
Grant income		4,841	
Other income		4,562	
<b>Total revenues</b>	<u>632,152</u>	<u>638,266</u>	<u>6,114</u>
<b>EXPENDITURES</b>			
Salaries		282,681	
Payroll taxes		21,627	
Hospitalization		24,931	
Life insurance		845	
Pension		7,913	
Medical testing		585	
Uniforms		13,502	
Accounting services		8,171	
Audit fees		3,060	
Transportation		10,337	
Training and development		4,567	
Membership fees		1,175	
Contractual services		1,594	
Dispatch services		10,274	
Telephone		4,231	
Supplies		6,530	
Insurance and bonds		64,185	
Office overhead		44,889	
PSB lease		85,221	
Printing and postage		306	
Utilities		9,098	
Repairs and maintenance		27,899	
Debt - principal		43,775	
Debt - interest		4,349	
Tax chargebacks/drains		5,521	
Capital outlay		4,601	
Personnel allocation		(59,485)	
<b>Total expenditures</b>	<u>662,033</u>	<u>632,382</u>	<u>29,651</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(29,881)</u>	<u>5,884</u>	<u>35,765</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>30,890</u>	<u>30,890</u>	
<b>Total other financing sources (uses)</b>	<u>30,890</u>	<u>30,890</u>	
<b>Net change in fund balance</b>	<u>1,009</u>	<u>36,774</u>	<u>35,765</u>
<b>FUND BALANCE, JULY 1, 2014</b>	<u>412,432</u>	<u>412,432</u>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<u>\$ 413,441</u>	<u>\$ 449,206</u>	<u>\$ 35,765</u>

**FIRE TRUCK FUND**

**NORTHFIELD TOWNSHIP**

**FIRE TRUCK FUND  
BALANCE SHEET  
JUNE 30, 2015**

**LIABILITIES**

Accounts payable

\$ 580

**FUND BALANCE (DEFICIT)**

(580)

**Total liabilities and fund balance**

\$

**NORTHFIELD TOWNSHIP**

**FIRE TRUCK FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>REVENUES</b>	
Interest income	\$ 66
<b>EXPENDITURES</b>	<hr/>
Net change in fund balance	66
<b>FUND BALANCE (DEFICIT), JULY 1, 2014</b>	<hr/> <b>(646)</b>
<b>FUND BALANCE (DEFICIT), JUNE 30, 2015</b>	<hr/> <b>\$ (580)</b>

**LAW ENFORCEMENT FUND**

**NORTHFIELD TOWNSHIP**

**LAW ENFORCEMENT FUND  
BALANCE SHEET  
JUNE 30, 2015**

**ASSETS**

Cash and cash investments		\$ 447,900
Accounts receivable		1,164
Taxes receivable		5,418
Due from other funds		706
Prepaid expenditures		<u>8,011</u>
<b>Total assets</b>		<b><u>\$ 463,199</u></b>

**LIABILITIES**

Accounts payable	\$ 4,931	
Due to others	<u>2,737</u>	
<b>Total liabilities</b>		<b>\$ 7,668</b>

**FUND BALANCE**

Restricted - law enforcement		<u>455,531</u>
<b>Total liabilities and fund balance</b>		<b><u>\$ 463,199</u></b>

**NORTHFIELD TOWNSHIP**

**LAW ENFORCEMENT FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Taxes	\$	\$ 1,379,181	\$
Fines and court fees		25,064	
Traffic tickets and impound fees		2,140	
Liquor law license fees		2,634	
Contributions		1,500	
Charges for services		27,804	
Miscellaneous		4,005	
	1,451,146	1,442,328	(8,818)
<b>EXPENDITURES</b>	1,544,099	1,498,175	45,924
<b>Excess of revenues over (under) expenditures</b>	(92,953)	(55,847)	37,106
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	41,000	41,000	
<b>Net change in fund balance</b>	(51,953)	(14,847)	37,106
<b>FUND BALANCE, JULY 1, 2014</b>	470,378	470,378	
<b>FUND BALANCE, JUNE 30, 2015</b>	\$ 418,425	\$ 455,531	\$ 37,106



**NORTHFIELD TOWNSHIP**  
**LAW ENFORCEMENT FUND**  
**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>			
Salaries	\$	\$ 783,743	\$
Payroll taxes		60,958	
Life insurance		7,673	
Medical testing		145	
Professional fees		42,660	
Pension		60,782	
Insurance - health		159,261	
Accountant		8,170	
Uniforms and gear		58	
Membership dues		760	
Printing and postage		421	
Transportation		21,948	
Insurance and bonds		32,249	
Repairs and maintenance		16,416	
Telephone		13,547	
Supplies		6,090	
Training and development		50	
Equipment rental		1,568	
Office overhead		44,889	
PSB lease		85,221	
Contractual services		13,914	
Dispatch services		63,347	
Computer		2,473	
Personnel allocation		59,485	
Tax chargebacks		12,347	
	<u>\$ 1,544,099</u>	<u>\$ 1,498,175</u>	<u>\$ 45,924</u>

**NARCOTICS FUND**

**NORTHFIELD TOWNSHIP**

**NARCOTICS FUND  
BALANCE SHEET  
JUNE 30, 2015**

**ASSETS**

Cash and cash equivalents

\$ 99,844

**FUND BALANCE**

Restricted - public safety

\$ 99,844

**NORTHFIELD TOWNSHIP**

**NARCOTICS FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Forfeitures	\$ 75,000	\$ 74,709	\$ (291)
<b>EXPENDITURES</b>			
Public safety projects		13,520	
Capital outlay		6,591	
<b>Total expenditures</b>	<b>27,900</b>	<b>20,111</b>	<b>7,789</b>
<b>Excess of revenues over (under) expenditures</b>	47,100	54,598	7,498
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	(1,000)	(1,000)	
<b>Net change in fund balance</b>	46,100	53,598	7,498
<b>FUND BALANCE, JULY 1, 2014</b>	46,246	46,246	
<b>FUND BALANCE, JUNE 30, 2015</b>	\$ 92,346	\$ 99,844	\$ 7,498

**FEDERAL NARCOTICS FUND**

**NORTHFIELD TOWNSHIP**

**FEDERAL NARCOTICS FUND  
BALANCE SHEET  
JUNE 30, 2015**

**ASSETS**

Cash and cash equivalents \$ 363,983

**LIABILITIES**

Accounts payable \$ 4,071

**FUND BALANCE**

Restricted - public safety 359,912

**Total liabilities and fund balance** \$ 363,983

**NORTHFIELD TOWNSHIP**

**FEDERAL NARCOTICS FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Forfeitures	\$ 100,000	\$ 93,271	\$ (6,729)
<b>EXPENDITURES</b>			
Supplies - miscellaneous		14,126	
Capital outlay		199,943	
<b>Total expenditures</b>	250,000	214,069	35,931
<b>Excess of revenues over (under)         expenditures</b>	(150,000)	(120,798)	29,202
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(35,000)	(35,000)	
<b>Net change in fund balance</b>	(185,000)	(155,798)	29,202
<b>FUND BALANCE, JULY 1, 2014</b>	515,710	515,710	
<b>FUND BALANCE, JUNE 30, 2015</b>	\$ 330,710	\$ 359,912	\$ 29,202

**PUBLIC CONTRIBUTIONS FUND**



**NORTHFIELD TOWNSHIP**  
**PUBLIC CONTRIBUTIONS FUND**  
**BALANCE SHEET**  
**JUNE 30, 2015**

**ASSETS**

Cash and cash equivalents

\$ 5,163

**FUND BALANCE**

\$ 5,163

**NORTHFIELD TOWNSHIP**

**PUBLIC CONTRIBUTIONS FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Donations	\$ 2,950	\$ 3,500	\$ 550
<b>EXPENDITURES</b>	2,600	2,401	199
<b>Net change in fund balance</b>	350	1,099	749
 <b>FUND BALANCE, JULY 1, 2014</b>	 4,064	 4,064	 
<b>FUND BALANCE, JUNE 30, 2015</b>	\$ 4,414	\$ 5,163	\$ 749

**DOWNTOWN DEVELOPMENT AUTHORITY FUND**

**NORTHFIELD TOWNSHIP**

**DOWNTOWN DEVELOPMENT AUTHORITY FUND  
BALANCE SHEET  
JUNE 30, 2015**

**ASSETS**

Cash and cash equivalents

\$ 65,965

**FUND BALANCE**

Restricted - local improvement

\$ 65,965

**NORTHFIELD TOWNSHIP**

**DOWNTOWN DEVELOPMENT AUTHORITY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Reimbursements	\$	\$ 4	\$ 4
<b>EXPENDITURES</b>			
Project fees	22,700	5,538	17,162
<b>Excess of revenues over (under) expenditures</b>	(22,700)	(5,534)	17,166
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	(20,000)	(20,000)	
<b>Net change in fund balance</b>	(42,700)	(25,534)	17,166
<b>FUND BALANCE, JULY 1, 2014</b>	91,499	91,499	
<b>FUND BALANCE, JUNE 30, 2015</b>	\$ 48,799	\$ 65,965	\$ 17,166

**BUILDING AUTHORITY DEBT SERVICE FUND**

**NORTHFIELD TOWNSHIP**

**BUILDING AUTHORITY DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Rental income	\$ 255,666	\$ 255,662	\$ (4)
<b>EXPENDITURES</b>			
Debt service			
Principal		206,853	
Interest/fees		48,809	
<b>Total expenditures</b>	255,666	255,662	4
<b>Net change in fund balance</b>			
<b>FUND BALANCE, JULY 1, 2014</b>			
<b>FUND BALANCE, JUNE 30, 2015</b>	\$	\$	\$

**PUBLIC SAFETY BUILDING DEBT SERVICE FUND**



**NORTHFIELD TOWNSHIP**  
**PUBLIC SAFETY BUILDING DEBT SERVICE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2015**

**ASSETS**

Cash	\$ 28,146
Taxes receivable	<u>1,143</u>
<b>Total assets</b>	<b><u><u>\$ 29,289</u></u></b>

**LIABILITIES**

Accounts payable	\$ 16,079
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**FUND BALANCE**

Restricted - debt	<u>13,210</u>
<b>Total liabilities and fund balance</b>	<b><u><u>\$ 29,289</u></u></b>

**NORTHFIELD TOWNSHIP**  
**PUBLIC SAFETY BUILDING DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Actual</b>
<b>REVENUES</b>	
Property taxes	\$ 280,808
Other income	440
	281,248
<b>Total revenues</b>	<b>281,248</b>
<b>EXPENDITURES</b>	
Supplies	1,086
Cleaning services	11,400
Contracted services	7,363
Telephone	2,890
Insurance	6,038
Utilities	71,988
Repairs and maintenance	72,383
Tax chargebacks	2,594
Bond - principal	235,000
Bond - interest	46,178
Overhead allocation	(134,668)
	322,252
<b>Total expenditures</b>	<b>322,252</b>
<b>Net change in fund balance</b>	<b>(41,004)</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>54,214</b>
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$ 13,210</b>

**SEWAGE DISPOSAL SYSTEM FUND**

**NORTHFIELD TOWNSHIP**  
**SEWAGE DISPOSAL SYSTEM FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**CURRENT ASSETS**

Cash, cash equivalents and investments	\$ 334,426	
Sewer billings receivable	388,656	
Prepaid expenses	5,945	
Due from other funds	<u>103</u>	
<b>Total current assets</b>		<b>\$ 729,130</b>

**RESTRICTED ASSETS**

Cash, cash equivalents and investments capital and debt	1,209,148	
Special assessments receivable	<u>809,330</u>	
<b>Total restricted assets</b>		<b>2,018,478</b>

**PLANT, PROPERTY AND EQUIPMENT**

Land	226,918	
Plant	2,229,393	
Plant expansion	11,472,114	
Equipment	<u>1,007,372</u>	
	14,935,797	
Less: accumulated depreciation	<u>(6,175,728)</u>	
<b>Net plant, property, and equipment</b>		<u><b>8,760,069</b></u>
<b>Total assets</b>		<u><u><b>\$ 11,507,677</b></u></u>

**CURRENT LIABILITIES**

Accounts payable	\$ 54,269	
Accrued compensated absences	21,029	
Bonds payable - current portion	<u>633,147</u>	
<b>Total current liabilities</b>		<b>\$ 708,445</b>

**LONG-TERM LIABILITIES**

Bonds payable - less current portion		<u>971,729</u>
<b>Total liabilities</b>		<b>1,680,174</b>

**NET POSITION**

		<u>9,827,503</u>
<b>Total liabilities and net position</b>		<u><u><b>\$ 11,507,677</b></u></u>

**NORTHFIELD TOWNSHIP**  
**SEWAGE DISPOSAL SYSTEM FUND**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**OPERATING REVENUES**

User charges \$ 1,347,388

**OPERATING EXPENSES**

Salaries and wages	\$ 274,210
Payroll taxes	20,032
Insurance - benefits	102,442
Pension	23,815
Training and development	2,070
Testing	8,613
Operating supplies	42,562
Uniforms	2,771
Professional services	49,227
Membership and dues	590
Contracted services	45,319
Administration fees	35,000
Telephone	4,217
Transportation	6,554
Printing and postage	3,501
Insurance and bonds	21,328
Utilities	103,261
Repairs and maintenance	89,067
Equipment rental	1,090
Depreciation	332,948
Equipment	1,505

**Total operating expenses** 1,170,122

**Operating income** 177,266

**NON-OPERATING REVENUES AND (EXPENSES)**

Transfer in	15,000
Interest income - cash and equivalents	8,942
Interest - special assessments	59,554
Net increase in the fair value of investments	3,209
Other revenues	5,024
Interest expense	(87,664)
Special assessment district refunds	(693,001)
Agent fees	(1,062)

**Total non-operating revenues and (expenses)** (689,998)

**Net loss before capital contributions** (512,732)

**CAPITAL CONTRIBUTIONS**

Connection fees 7,100

**Change in net position** (505,632)

**NET POSITION, JULY 1, 2014** 10,333,135

**NET POSITION, JUNE 30, 2015** \$ 9,827,503

**NORTHFIELD TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**SEWAGE DISPOSAL SYSTEM FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Sewage Disposal System Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 1,302,705
Cash payments to employees	(274,210)
Cash payments to suppliers of goods and services	(531,679)
	496,816
<b>Net cash provided by operating activities</b>	<b>496,816</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Transfer in	\$ 15,000
Connection fees received	7,100
Special assessments received	239,852
Other revenue (expense)	5,024
Interest/fees on long-term bonds	(88,726)
Acquisition of capital assets	(64,917)
Repayment of principal on bonds/contracts	(608,147)
Special assessments refunded	(693,001)
	(1,187,815)
<b>Net cash (used in) capital and related financing activities</b>	<b>(1,187,815)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on cash and cash equivalents	8,942
Net increase in the fair value of investments	3,209
	12,151
<b>Net cash provided by investing activities</b>	<b>12,151</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(678,848)</b>
<b>CASH AND CASH EQUIVALENTS AT, JULY 1, 2014</b>	<b>2,222,422</b>
<b>CASH AND CASH EQUIVALENTS AT, JUNE 30, 2015</b>	<b>\$ 1,543,574</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 177,266
Adjustments to reconcile operating income to net cash (used in) operating activities:	
Depreciation	\$ 332,948
Change in assets and liabilities:	
(Increase) in receivables	(44,683)
(Increase) in prepaid expenses	(5,945)
Increase in accounts payable/accrued compensated absences	37,230
	319,550
<b>Total adjustments</b>	<b>319,550</b>
<b>Net cash provided by operating activities</b>	<b>\$ 496,816</b>

**CURRENT TAX COLLECTION FUND**

**NORTHFIELD TOWNSHIP**  
**CURRENT TAX COLLECTION FUND**  
**BALANCE SHEET**  
**JUNE 30, 2015**

**ASSETS**

Due from other funds

\$ 1,980

**LIABILITIES**

Due to others

\$ 1,980



**TRUST AND AGENCY FUND**

**NORTHFIELD TOWNSHIP**

**TRUST AND AGENCY FUND  
BALANCE SHEET  
JUNE 30, 2015**

**ASSETS**

Cash and cash equivalents	\$ 46,212
Due from other funds	12
Due from others	<u>3,870</u>
<b>Total assets</b>	<u><u>\$ 50,094</u></u>

**LIABILITIES**

Due to others	<u><u>\$ 50,094</u></u>
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**PAYROLL FUND**

**NORTHFIELD TOWNSHIP**

**PAYROLL FUND  
BALANCE SHEET  
JUNE 30, 2015**

**ASSETS**

Cash	\$ 18,520
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**LIABILITIES**

Due to other funds	\$ 1,916
Due to others	16,604

<b>Total liabilities</b>	<b>\$ 18,520</b>
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**PHP**

**PFEFFER ■ HANNIFORD ■ PALKA**  
*Certified Public Accountants*

**John M. Pfeffer, C.P.A.**  
**Patrick M. Hanniford, C.P.A.**  
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November 4, 2015

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

Dear Honorable Board of Trustees:

In planning and performing our audit of the financial statements of Northfield Township as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Northfield Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses:

A deficiency in internal control exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in Northfield Township's internal control to be material weaknesses.

**1. Establish Control over the Financial Reporting Process**

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the Township. Management is as responsible for outsourced functions performed by a service provider as it would be if your personnel performed such functions. Specifically, management is responsible for management decisions and functions: for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not perform a detailed review of the financial statements. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Township's internal control.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

**Response by Management**

Management believes the perceived benefit of more control over the financial reporting process does not exceed the related cost. Therefore, management has chosen to continue to request the auditors to prepare the financial statements.

**2. Segregate Accounting Duties**

A good system of internal control provides for a proper segregation of the accounting functions. The Township does not have the proper segregation of duties over cash receipts and disbursements, accounts receivable, and accounts payable. Proper segregation is not always possible in a small organization, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. We recommend that management review the current assignment of accounting functions. Where possible, duties should be segregated to reduce the risk or errors or fraud.

**Response by Management**

Management has reviewed and continues to review the current assignment of accounting functions. Management believes that the cost of hiring of additional personnel will not substantiate the conceived benefits. However, management will continue to review methods of segregating duties without hiring additional personnel with the current staff.

The following are additional remarks which we do not consider to be material weaknesses but would like to discuss with the Board as part of our audit presentation.

**Comment**

Tracking of the paid time off has been deferred to the department heads and in some cases the employee.

**Recommendation**

An accurate accounting of each employee's available PTO should be submitted to the clerk so that subsequent tracking can be overseen properly.

**Conclusion**

Thank you for your assistance and hospitality toward our firm while conducting the audit of Northfield Township.

If you should have any questions, comments or concerns please do not hesitate to call us.

This communication is intended solely for the information and use of management, Township Board of Trustees, and others with the organization, and is not intended to be and should not be used by anyone other than the specified parties.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants