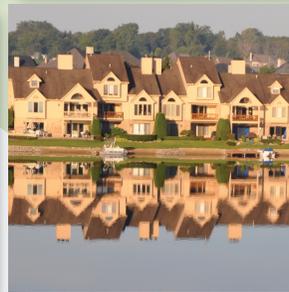


2012



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2012

Charter Township of Northville

Contents

Introductory Section

| | |
|-----------------------------|-------|
| Letter of Transmittal | i-iii |
| Organizational Chart | iv |
| List of Principal Officials | v |
| Fund Organization Chart | vi |

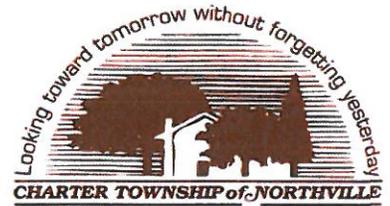
Financial Section

| | |
|---|-------|
| Report Letter | 1-3 |
| Management's Discussion and Analysis | 4-13 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 14 |
| Statement of Activities | 15-16 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 17 |
| Reconciliation of the Fund Balances to the Statement of Net Position | 18 |
| Statement of Revenue, Expenditures, and Changes in Fund Balances | 19 |
| Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 20 |
| Proprietary Funds: | |
| Statement of Net Position | 21 |
| Statement of Revenue, Expenses, and Changes in Net Position | 22 |
| Statement of Cash Flows | 23 |
| Fiduciary Funds - Statement of Fiduciary Net Position | 24 |
| Notes to Financial Statements | 25-48 |

Charter Township of Northville

Contents (Continued)

| | |
|--|---------|
| Required Supplemental Information | 49 |
| Budgetary Comparison Schedule - General Fund | 50 |
| Budgetary Comparison Schedule - Major Special Revenue Funds | 51-52 |
| Note to Required Supplemental Information | 53-54 |
| Other Supplemental Information | 55 |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet | 56-57 |
| Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) | 58-59 |
| Budgetary Comparison Schedule - Nonmajor Governmental Funds | 60-62 |
| Fiduciary Funds - Combining Statement of Assets and Liabilities | 63 |
| Schedule of Changes in Agency Funds | 64 |
| <u>Statistical Section</u> | 65 |
| Financial Trend Information: | 66 |
| Net Position by Component | 67-68 |
| Changes in Governmental and Business-type Net Position | 69-72 |
| Fund Balances - Governmental Funds | 73-74 |
| Changes in Fund Balances - Governmental Funds | 75-76 |
| Revenue Capacity Information: | 77 |
| Taxable Value of Township Property | 78-79 |
| Tax Rate History of Direct and Overlapping Governments | 80-81 |
| Principal Taxpayers | 82 |
| General Fund Governmental Revenue by Function | 83 |
| Debt Capacity Information: | 84 |
| Ratios of Outstanding Debt | 85-86 |
| Ratios of General Bonded Debt Outstanding | 87 |
| Direct and Overlapping Debt | 88 |
| Legal Debt Margin | 89-90 |
| Pledged Revenue | 91 |
| Demographic and Economic Information: | 92 |
| Demographic and Economic Statistics | 93 |
| Principal Employers | 94 |
| Full-time Equivalent Government Employees | 95 |
| Operating Information: | 96 |
| Operating Indicators | 97-100 |
| Capital Asset Statistics | 101-102 |



April 5, 2013

Honorable Supervisor, Robert R. Nix II

Members of the Board of Trustees

Citizens of the Charter Township of Northville, Michigan

Robert R. Nix II, *Supervisor*
Sue A. Hillebrand, *Clerk*
Marjorie F. Banner, *Treasurer*
Marvin Gans, *Trustee*
Symantha Heath, *Trustee*
Mindy Herrmann, *Trustee*
Fred Shadko, *Trustee*

We are pleased to submit the Comprehensive Annual Financial Report of the Charter Township of Northville for the fiscal year ended December 31, 2012. This report is prepared for the purpose of disclosing the Township's financial condition to its residents, elected officials and other interested parties. The financial statements contain all disclosures necessary to enable the reader to gain an understanding of the Township's financial activities. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Township. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Township, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Township's financial affairs have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Township's MD&A can be found immediately following the report of the independent auditors.

All local units of government within the State of Michigan must comply with the Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, which requires an annual audit of the financial records and transactions of the Township by independent certified public accountants. The primary purpose of the auditing requirements of this act is to maintain the confidence of all interested parties in the integrity of the record keeping and financial reporting of local units of government.

Reporting Changes

The Township of Northville has implemented the Governmental Accounting Standards Board issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 63 provides guidance on how to present two new financial statement elements, "deferred inflows" and "deferred outflows" within a government's financial statements. Statement No. 65 reclassifies

certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

Profile of the government

The Charter Township of Northville, incorporated in 1829, is strategically located in the northwestern portion of Wayne County. Located just 15 miles east of Ann Arbor and 30 miles west of downtown Detroit, the Township serves over 28,000 residents and encompasses an area of approximately 16.5 square miles. Northville Township is considered a choice community to live. A dynamic, growing community, Northville Township offers an abundance of rolling, wooded acreage, which provides a unique natural backdrop for residential and commercial land development. Northville Township is well connected to highway, rail, and air transportation routes offering outstanding accessibility.

The Township of Northville is governed by a Board of Trustees which is composed of seven members who are elected for four year terms. The Board is composed of a Supervisor, a Clerk, a Treasurer and four trustees under the Trustee-Manager form of government. Policy-making and legislative authority are vested in the Board of Trustees which is presided over by the Supervisor, who is the chief executive of the Township.

The Township provides a full range of municipal services including police and fire protection; parks, recreational and cultural activities; building inspection; code enforcement and planning and development. The Township is a member of the Western Township Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville and Plymouth Townships.

The Township of Northville prepares budgets in accordance with the Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended. Under the direction of the Township Manager, the Finance Director prepares an initial projection of revenue for the next fiscal year. Spending priorities are then established based upon the Township's financial policies and mandated requirements. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. The level of budgetary control (that is the level at which expenditures cannot exceed the appropriated amount) is established by function and category.

Factors affecting financial condition

Standard & Poor's, which provides credit ratings and other financial analysis, affirmed the Township of Northville's high quality rating on general obligation bonds as AA/Stable in 2012. Standard & Poor's defines the AA rating as "having excellent financial security and being highly safe." This rating places Northville Township in an elite group of communities throughout the country. Standard & Poor's notes that "Northville Township has very strong reserves and moderate overall debt burden. In addition, income levels are very strong, at 180% and 174% of the state and national average, respectively." Although unemployment rates have risen nationwide, the Township's unemployment rate of 2.1% is significantly lower than the rest of the state and country.

Northville Township is also proud of its strong economic climate. Northville Township was identified in 2012 as a top performing community for fostering entrepreneurial growth and economic development in an annual study conducted by researchers at the iLabs, University of Michigan-Dearborn's Center for Innovation Research.

Northville Township was also honored as a 2012 Five-Star eCities community. Five-star communities had more than \$1.5 billion in combined commercial development in 2011 and participated in more than 70 percent with other communities in providing shared services.

Long-term financial planning

The Township's taxable value began to decrease in 2008 and **decreased a total of 13.8% between 2008 and 2012**. Total taxable value is expected to increase in 2013 overall by 1.7%. Of this increase, the Township recognized new additions of approximately \$26 million which represents primarily new residential development within the Township. Permits for new residential construction continue to be on the rise with an increase to date of 7% for the year.

The Township has a public safety millage dedicated for police and fire operations and maintains separate funds accordingly. This millage, along with a general voted and shared services millage, is scheduled to expire in November 2013. The 2010 Census reports Northville Township's population at 28,497, which represents a 35% increase from the 2000 Census population of 21,036.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of many individuals. We wish to express our sincere appreciation to each of them. Special thanks to the independent auditing firm of Plante & Moran, LLC and to the Township Supervisor, Robert R. Nix II, the entire Board of Trustees as well as Township Manager, Chip Snider for their leadership and support in matters pertaining to the financial affairs of the Township.

Respectfully submitted,



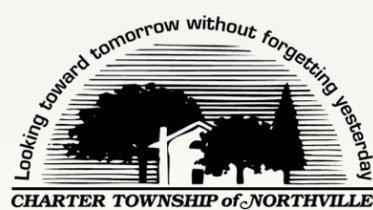
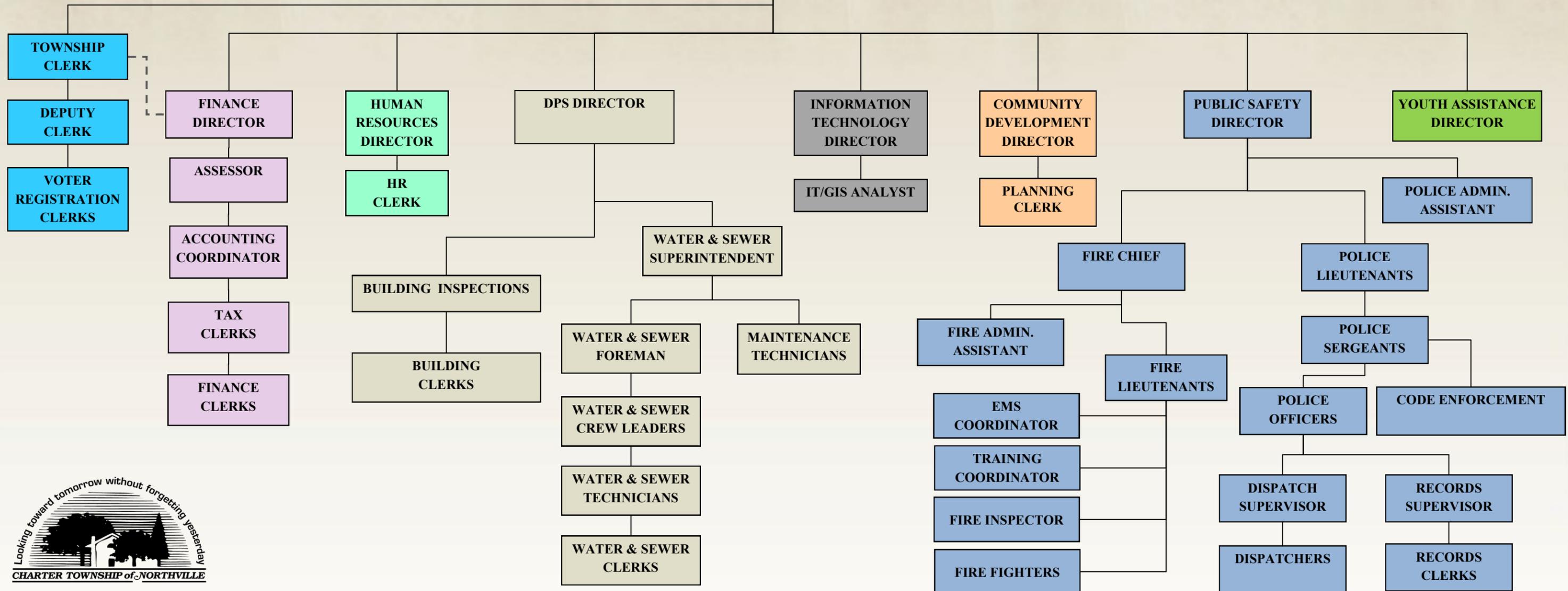
Marina Neumaier
Finance Director

CHARTER TOWNSHIP OF NORTHVILLE

CITIZENS OF NORTHVILLE TOWNSHIP

BOARD OF TRUSTEES

TOWNSHIP MANAGER



Township of Northville, Michigan
List of Principal Officials
December 31, 2012

| Title | Name |
|---------------------------------------|----------------------|
| Township Supervisor | Robert R. Nix II |
| Township Clerk | Sue A. Hillebrand |
| Township Treasurer | Marjorie F. Banner |
| Township Trustee | Marvin Gans |
| Township Trustee | Symantha Heath |
| Township Trustee | Mindy Herrmann |
| Township Trustee | Fred Shadko |
| Township Manager | Chip Snider |
| Public Safety Director | John Werth |
| Director of Public Services | Thomas A. Casari |
| Finance Director | Marina Neumaier |
| Human Resources Director | Debra Wilhelm |
| Director of Information Technology | Shaun J. Nicoloff |
| Community Development Director | Jennifer Frey |
| Deputy Director of Fire Services | Richard A. Marinucci |
| Director, Northville Youth Assistance | Susan Campbell |

Northville Township, Michigan
Fund Organization Chart

Governmental Funds



Proprietary Fund - Enterprise Funds



Fiduciary Funds



Component Unit



Independent Auditor's Report

To the Board of Trustees
Charter Township of Northville

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate fund information of the Charter Township of Northville as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Charter Township of Northville'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate fund information of the Charter Township of Northville as of December 31, 2012 and the respective changes in its financial position and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Charter Township of Northville

Emphasis of Matter

As described in Note 3 to the basic financial statements, in 2012, the Township adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, future property tax revenue is reported as a deferred inflow of resources, rather than as a liability, and deferred charges on bond refundings are reported as deferred outflows; net assets are now reported as net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major fund budgetary comparison schedules for the General Fund and each major special revenue fund on pages 50-52 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, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Northville's basic financial statements. The combining and individual fund statements, as identified in the table of contents and introductory section, budgetary comparison schedules for nonmajor funds, schedule of changes in agency funds, and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and is derived from and relates 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 other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, budgetary comparison schedules for nonmajor funds, schedule of changes in agency funds, and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Trustees
Charter Township of Northville

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2013 on our consideration of the Charter Township of Northville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Northville's internal control over financial reporting and compliance.

Plante & Moran, PLLC

April 5, 2013

Charter Township of Northville

Management's Discussion and Analysis

The Charter Township of Northville's (the "Township") discussion and analysis is a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2012. The information presented here should be read in conjunction with our letter of transmittal, the financial statements, and notes to the financial statements that follow.

Financial Highlights

- * Total assets and deferred outflows of the Township exceeded liabilities and deferred inflows at December 31, 2012 by \$123,809,019 (net position). Of this amount, \$45,736,648 is unrestricted, which may be used to meet the Township's ongoing obligations to citizens and creditors, without legal restriction.
- * The Township's total net position increased during the year by \$2,395,585 primarily as a result of the recognition of \$1,802,840 in drug forfeiture revenue. These funds are considered legally restricted as to use and are accounted for within the Police Fund.
- * As of December 31, 2012, the Township's governmental funds reported combined ending fund balances of \$14,167,705. Fund balance of the General Fund totaled \$5,642,114 at December 31, 2012, an increase of \$1,166,427 in comparison with the prior year. Of this amount, \$4,429,642 is not restricted as to use.
- * The Township's total direct debt as of December 31, 2012 was \$38,516,545 and represents approximately 2.25 percent of the total taxable value.

Overview of the Financial Statements

This discussion and analysis provides an introduction and overview to the Township's basic financial statements. This information will assist users in interpreting the basic statements. We will also provide other financial discussion and analysis of certain plans, projects, and trends necessary for understanding the full context of the financial condition of the Township.

Basic Financial Statements - The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The financial section of this report also contains required supplemental information, in addition to the basic financial statements.

Government-wide Financial Statements - Government-wide financial statements provide readers with a broad overview of the Township's finances in a manner similar to a private sector business, distinguishing functions of Northville Township that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities").

Charter Township of Northville

Management's Discussion and Analysis (Continued)

The statement of net position presents information on all of the Township's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private sector business and presents a longer-term view of the Township's finances. Over time, increases or decreases in net position can serve as one indicator of the financial position of the Township. Other indicators include changes in the property tax base and general economic conditions within the Township.

The statement of activities presents information showing how the Township's net position changed during the year. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent each program relies on taxes for funding. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Items such as special assessments and earned but unused employee leave time will be included in the statement of activities as revenue and expense, even though the cash flows associated with these items will be recognized in future fiscal periods.

In accordance with GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 39, *Determining Whether Certain Organizations Are Component Units - An Amendment of GASB Statement No. 14*, the Township has identified certain entities as component units in the government-wide financial statements. By virtue of its authority to exercise influence over their operations, the Township has included the financial statements of the Economic Development Corporation, which is a discretely presented component unit within the government-wide financial statements. In addition, the Building Authority is included as a blended component unit.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Northville, Michigan, like other state and local governments, establishes funds for compliance with finance-related legal requirements. All of the funds of the Township fall into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental funds account for most, if not all, of a government's tax-supported functions. Proprietary funds account for a government's business-type activities; all or part of the costs of activities are supported by fees and charges that are paid by those who benefit from the activities. Fiduciary funds account for resources that are held by the government as a trustee or agent for parties outside of the government.

Charter Township of Northville

Management's Discussion and Analysis (Continued)

Governmental Funds - The Township maintains 12 individual governmental funds. The governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances present separate columns of financial data for the General Fund, Police, Fire, and the Seven Mile Road Property Purchase Funds. These funds are considered major funds as of December 31, 2012. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements located in the other supplemental information section of this report.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year; this information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the measurement focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The government-wide statements give readers a better understanding of the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the governmental activities column in the government-wide statements, facilitating this comparison.

The Township adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for each major fund within the required supplemental information. Budgetary comparisons for other nonmajor special revenue funds are presented within the other supplemental section of the report.

Proprietary Funds - The Township maintains one type of proprietary fund used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water and sewer and solid waste activities. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Charter Township of Northville

Management's Discussion and Analysis (Continued)

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also contains certain required supplemental information concerning budgetary comparisons of the General Fund and all major funds. The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplemental information.

Government-wide Financial Analysis

Statement of Net Position - As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The Township's total assets and deferred outflows exceeded its liabilities and deferred inflows by \$123,809,019 (net position) at the close of December 31, 2012. The following table shows, in a condensed format, the Township's net position as of December 31, 2012 and 2011:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Assets | | | | | | |
| Current assets | \$ 28,116,063 | \$ 26,855,606 | \$ 7,565,300 | \$ 7,710,204 | \$ 35,681,363 | \$ 34,565,810 |
| Noncurrent assets | 61,334,118 | 62,985,044 | 81,841,130 | 81,152,159 | 143,175,248 | 144,137,203 |
| Total assets | 89,450,181 | 89,840,650 | 89,406,430 | 88,862,363 | 178,856,611 | 178,703,013 |
| Deferred Outflows of Resources - Bond refunding excess escrow deposit | | | | | | |
| | 401,007 | - | - | - | 401,007 | - |
| Liabilities | | | | | | |
| Current liabilities | 1,149,506 | 3,957,418 | 1,872,901 | 2,287,967 | 3,022,407 | 6,245,385 |
| Long-term liabilities | 34,522,551 | 33,316,521 | 5,373,142 | 5,552,243 | 39,895,693 | 38,868,764 |
| Total liabilities | 35,672,057 | 37,273,939 | 7,246,043 | 7,840,210 | 42,918,100 | 45,114,149 |
| Deferred Inflows of Resources - Unearned property tax revenue | | | | | | |
| | 12,530,499 | 12,175,430 | - | - | 12,530,499 | 12,175,430 |
| Net Position | | | | | | |
| Net investment in capital assets | 23,055,264 | 21,854,912 | 46,350,805 | 46,458,045 | 69,406,069 | 68,312,957 |
| Restricted | 8,666,302 | 6,670,564 | - | - | 8,666,302 | 6,670,564 |
| Unrestricted | 9,927,066 | 11,865,805 | 35,809,582 | 34,564,108 | 45,736,648 | 46,429,913 |
| Total net position | <u>\$ 41,648,632</u> | <u>\$ 40,391,281</u> | <u>\$ 82,160,387</u> | <u>\$ 81,022,153</u> | <u>\$ 123,809,019</u> | <u>\$ 121,413,434</u> |

Charter Township of Northville

Management's Discussion and Analysis (Continued)

Over 56 percent of the Township's net assets reflect its investment in capital assets. The portion of restricted net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position related specifically to governmental activities of \$9,927,066 represents the amount that may be used to meet the Township's ongoing obligations, without legal restrictions.

Changes in Net Position - The Township's total net position increased by \$2,395,585 during the year, primarily as a result of the recognition of \$1,802,840 in drug forfeiture revenue reported within the governmental activities. Business-type activities increased net position by \$1,138,234, which represents 48 percent of the total growth for the Township. This increase is a result of \$2.4 million in system-connection related fees and water and sewer lines contributed by developers recognized in the Water and Sewer Fund.

Key elements of the increase in net position are shown in the following table:

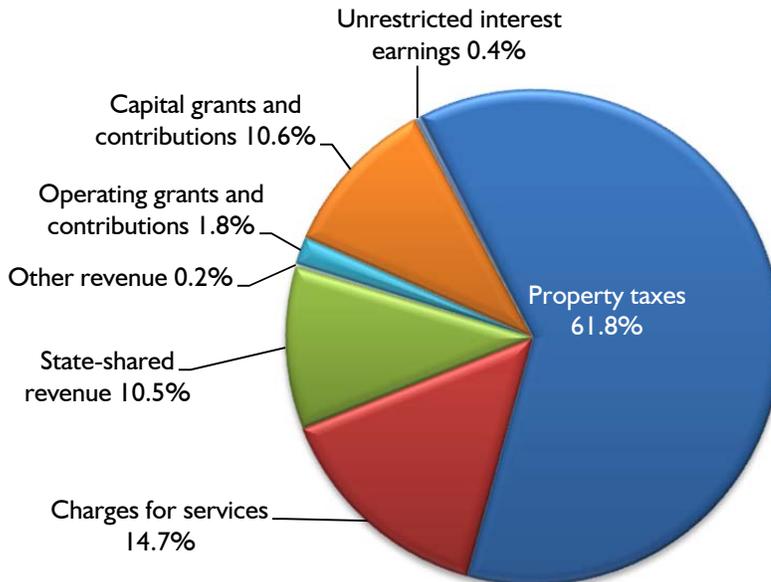
| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 2,897,257 | \$ 3,327,243 | \$ 13,510,977 | \$ 11,491,984 | \$ 16,408,234 | \$ 14,819,227 |
| Operating grants and contributions | 352,870 | 354,108 | 2,742,609 | 2,171,519 | 3,095,479 | 2,525,627 |
| Capital grants and contributions | 2,061,160 | 1,105,462 | 320,675 | 48,923 | 2,381,835 | 1,154,385 |
| General revenue: | | | | | | |
| Property taxes | 12,135,482 | 12,455,833 | - | - | 12,135,482 | 12,455,833 |
| State-shared revenue | 2,077,884 | 2,283,885 | - | - | 2,077,884 | 2,283,885 |
| Unrestricted investment earnings | 86,826 | 124,472 | 149,249 | 628,701 | 236,075 | 753,173 |
| Other miscellaneous income | 35,031 | 296,138 | - | - | 35,031 | 296,138 |
| Transfers | - | 314,546 | - | (314,546) | - | - |
| Gain on sale of fixed assets | 2,646 | 323,222 | - | - | 2,646 | 323,222 |
| Total revenue | 19,649,156 | 20,584,909 | 16,723,510 | 14,026,581 | 36,372,666 | 34,611,490 |
| Expenses | | | | | | |
| General government | 3,493,755 | 2,046,634 | - | - | 3,493,755 | 2,046,634 |
| Public safety: | | | | | | |
| Police and fire | 10,734,926 | 8,553,941 | - | - | 10,734,926 | 8,553,941 |
| Building department | 491,918 | 370,980 | - | - | 491,918 | 370,980 |
| Community and economic development | 195,707 | 220,606 | - | - | 195,707 | 220,606 |
| Recreation and culture | 1,989,540 | 2,475,283 | - | - | 1,989,540 | 2,475,283 |
| Interest on long-term debt | 1,485,959 | 1,630,883 | - | - | 1,485,959 | 1,630,883 |
| Solid waste | - | - | 1,273,154 | 1,047,325 | 1,273,154 | 1,047,325 |
| Water and sewer | - | - | 14,312,122 | 13,398,252 | 14,312,122 | 13,398,252 |
| Total expenses | 18,391,805 | 15,298,327 | 15,585,276 | 14,445,577 | 33,977,081 | 29,743,904 |
| Change in Net Position | \$ 1,257,351 | \$ 5,286,582 | \$ 1,138,234 | \$ (418,996) | \$ 2,395,585 | \$ 4,867,586 |

Charter Township of Northville

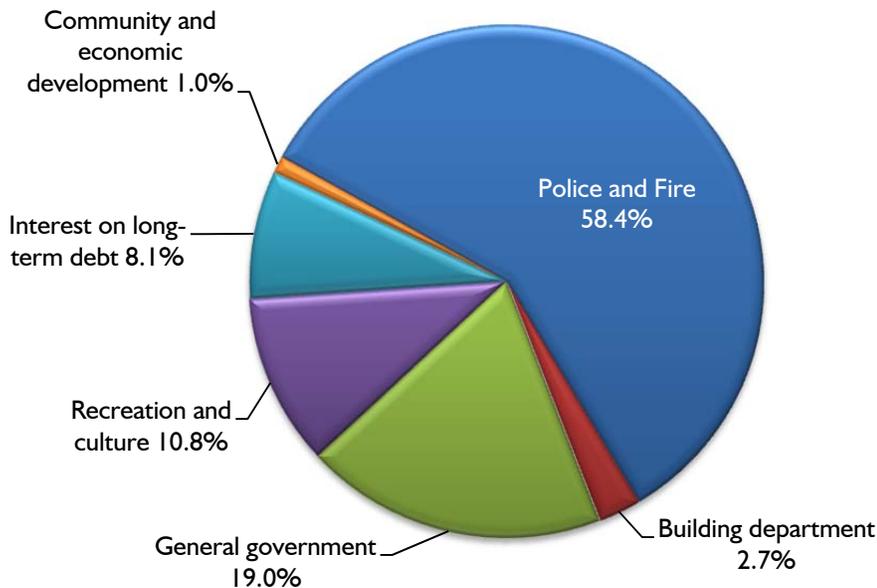
Management's Discussion and Analysis (Continued)

Governmental Activities - Program revenue, which includes user fees and charges and restricted operating and capital grants and contributions, represents 25.9 percent of total governmental revenue sources. Program revenue reduces the net cost of the governmental functions to be financed from the Township's general revenue, which are comprised primarily of property taxes and state revenue sharing.

Revenue by Source - Governmental Activities



Expenses by Activity - Governmental Activities

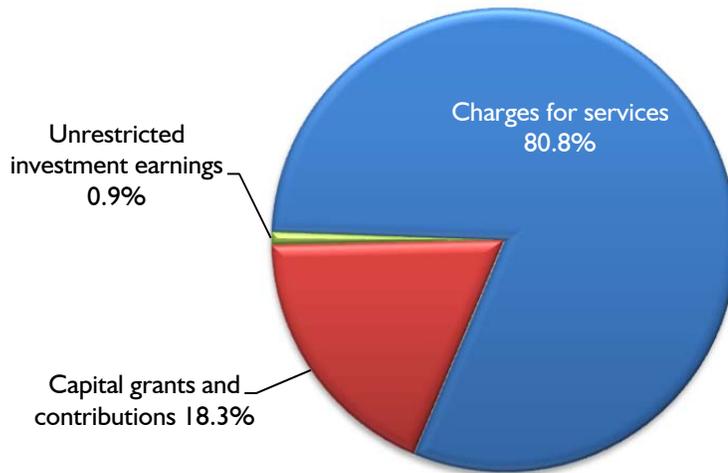


Charter Township of Northville

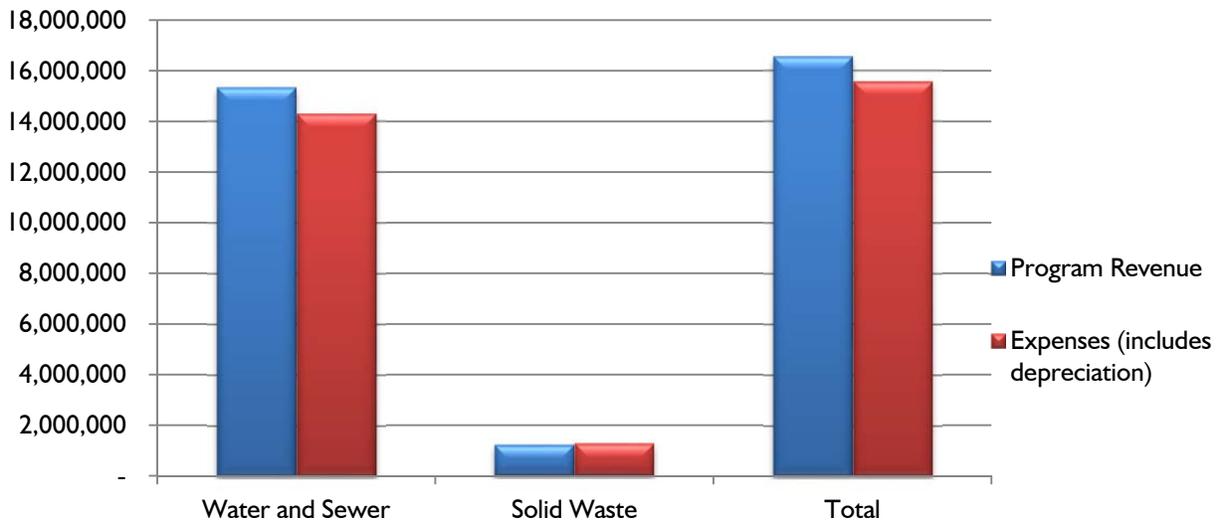
Management's Discussion and Analysis (Continued)

Business-type Activities - Business-type activities increased net position by \$1,138,234, which represents 48 percent of the total growth for the Township. This increase is a result of \$2.4 million in system-connection related fees and water and sewer lines contributed by developers recognized in the Water and Sewer Fund.

Revenue by Source - Business-type Activities



Expenses and Program Revenue - Business-type Activities



Charter Township of Northville

Management's Discussion and Analysis (Continued)

Financial Analysis of the Township's Funds

Governmental Funds - The Township has 12 governmental funds, categorized into four fund types. Each fund type has a unique purpose.

- * As of December 31, 2012, the governmental funds of the Township reported a combined fund balance of \$14,167,705, an increase of \$679,914 in comparison with the prior year. The majority of this total amount, or \$9,738,063, is either not available to spend, restricted, committed, or assigned for specific purposes, which include police and fire operations, debt service, as well as shared services with the City of Northville. Fund balance of the General Fund totaled \$5,642,114 at December 31, 2012, an increase of \$1,166,427 in comparison with the prior year. Of this amount, \$4,429,642 is not restricted as to use.

Proprietary Funds - Business-type activities increased net position by \$1,138,234, which represent 48 percent of the total growth for the Township. This increase is a result of \$2.4 million in system-connection related fees and water and sewer lines contributed by developers recognized in the Water and Sewer Fund.

General Fund Budgetary Highlights

The Township's budget results for the fiscal year ended December 31, 2012 were better than anticipated. In total, revenue outperformed amended budget estimates for the year by \$175,102, or 3.1 percent, primarily as a result of the following:

- The 2010 census reports Northville Township's population at 28,497, which represents a 35 percent increase from the 2000 census population of 21,036. The 2010 census data was required to be used for the constitutional portion of state-shared revenue distributions beginning mid-2011. A constitutional portion is distributed to cities, villages, and townships based on a community's population and cannot be eliminated without a constitutional amendment. For the fiscal year ended December 31, 2012, the Township's revenue-sharing payments represent 36 percent of total General Fund revenue, or \$2,077,884, and outperformed estimates by \$10,974.
- Charges for services, including other revenue, outperformed estimates by \$163,684 driven primarily by the increase in building permit fee activity for the year.

The Township's General Fund expenditures as of December 31, 2012 were under budget in total by \$11,423, or 0.25 percent. During the year, the Township did incur expenditures that were in excess of the amounts budgeted for both the treasurer and clerk's department by \$17,742 and \$4,063, respectively.

Charter Township of Northville

Management's Discussion and Analysis (Continued)

Public Safety Budgetary Highlights

The Township has a public safety millage dedicated for police and fire operations and maintains separate police and fire funds accordingly. The results of operations for 2012 shows ending fund balances of \$2,749,852 for the Combining Police Fund (of which \$1.6 million is further restricted as to use) and \$2,374,884 million for the Fire Fund. In total, fund balance was reduced by \$1,390,005 from the prior year (not accounting for drug forfeitures recognized during the year).

Capital Asset and Debt Administration

Capital Assets - The Township's investment in capital assets, including construction in progress, for its governmental and business-type activities as of December 31, 2012 totals \$107,473,316 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress.

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 40,524,911 | \$ 40,524,910 | \$ - | \$ - | \$ 40,524,911 | \$ 40,524,910 |
| Bike paths | 1,449,938 | 1,569,705 | - | - | 1,449,938 | 1,569,705 |
| Buildings and improvements | 12,328,212 | 12,883,865 | 515,562 | 577,554 | 12,843,774 | 13,461,419 |
| Vehicles and equipment | 789,179 | 486,283 | 790,886 | 971,877 | 1,580,065 | 1,458,160 |
| Furniture and equipment | 380,698 | 552,584 | - | - | 380,698 | 552,584 |
| Computer equipment | 174,573 | 72,565 | - | - | 174,573 | 72,565 |
| Infrastructure | - | - | 49,444,345 | 50,608,614 | 49,444,345 | 50,608,614 |
| Construction in progress | - | - | 1,075,012 | - | 1,075,012 | - |
| Total | \$ 55,647,511 | \$ 56,089,912 | \$ 51,825,805 | \$ 52,158,045 | \$ 107,473,316 | \$ 108,247,957 |

Additional information on the Township's capital assets can be found in Note 7 of this report.

Long-term Debt - The following table is a comparison of the summary information for the fiscal years ended December 30, 2012 and 2011:

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General obligation bonds | \$ 31,625,000 | \$ 33,670,000 | \$ 5,523,291 | \$ 5,700,000 | \$ 37,148,291 | \$ 39,370,000 |
| Special assessment bonds | 525,000 | 565,000 | - | - | 525,000 | 565,000 |
| Premium | 843,254 | - | - | - | 843,254 | - |
| Total bonds payable | 32,993,254 | 34,235,000 | 5,523,291 | 5,700,000 | 38,516,545 | 39,935,000 |
| Estimated self-insurance claims | 140,000 | 160,000 | - | - | 140,000 | 160,000 |
| Accumulated compensated absences | 1,389,297 | 1,366,314 | 139,980 | 120,746 | 1,529,277 | 1,487,060 |
| Total | \$ 34,522,551 | \$ 35,761,314 | \$ 5,663,271 | \$ 5,820,746 | \$ 40,185,822 | \$ 41,582,060 |

Charter Township of Northville

Management's Discussion and Analysis (Continued)

Additional information on the Township's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

The Township uses historical analysis as well as outside sources when creating its budget. The budget plan, as approved in the fiscal year (FY) 2013 budget, has General Fund revenue greater than annual operating expenditures for FY 2013. The Police and Fire Funds have budgeted expenditures in excess of revenue of \$685,242 and \$211,399 and covers personnel, operating, and capital costs for the respective funds.

The 2012 approved tax millage rate is 7.1074 and has been reduced from 7.1574 mills in 2011. Northville Township voters will be asked to approve the renewal of the separate public safety as well as the general voted and shared services millage which are currently set to expire in November 2013.

Requests for Information

This financial report is designed to provide a general overview of the Charter Township of Northville, Michigan's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Township of Northville, 44405 Six Mile Road, Northville, MI 48168. You may also visit our website at www.twp.northville.mi.us or contact the treasurer's department directly at (248) 662-0490.

Charter Township of Northville

Statement of Net Position December 31, 2012

| | Primary Government | | | Component Unit (EDC) |
|---|----------------------------|-----------------------------|-----------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and investments | \$ 19,703,152 | \$ 5,423,447 | \$ 25,126,599 | \$ 1,103 |
| Receivables: | | | | |
| Taxes | 6,081,035 | - | 6,081,035 | - |
| Customers | - | 1,796,673 | 1,796,673 | - |
| Accrued interest receivable | - | 71,398 | 71,398 | - |
| Other | 55,017 | - | 55,017 | - |
| Due from other governmental units | 1,518,829 | - | 1,518,829 | - |
| Special assessments | - | 235,034 | 235,034 | - |
| Prepays and other assets | 185,235 | 38,748 | 223,983 | - |
| Investment in joint ventures | 2,666,505 | 13,093,769 | 15,760,274 | - |
| Capital assets: | | | | |
| Nondepreciable capital assets | 40,524,911 | 1,075,012 | 41,599,923 | - |
| Depreciable capital assets - Net | 15,122,600 | 50,750,793 | 65,873,393 | - |
| Cash segregated for capital reserves | - | 16,485,051 | 16,485,051 | - |
| Special assessments - Net of current portion | 572,795 | - | 572,795 | - |
| Other postemployment benefit asset | 3,020,102 | 436,505 | 3,456,607 | - |
| Total assets | 89,450,181 | 89,406,430 | 178,856,611 | 1,103 |
| Deferred Outflows of Resources - Bond refunding excess escrow deposit | 401,007 | - | 401,007 | - |
| Liabilities | | | | |
| Accounts payable | 528,684 | 1,300,383 | 1,829,067 | - |
| Accrued liabilities and other: | | | | |
| Accrued salaries and wages | 316,380 | 36,826 | 353,206 | - |
| Accrued interest payable | 304,442 | 39,567 | 344,009 | - |
| Unearned revenues | - | 205,996 | 205,996 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 2,498,723 | 290,129 | 2,788,852 | - |
| Due in more than one year | 32,023,828 | 5,373,142 | 37,396,970 | - |
| Total liabilities | 35,672,057 | 7,246,043 | 42,918,100 | - |
| Deferred Inflows of Resources - Property taxes levied for the following year (Note 6) | 12,530,499 | - | 12,530,499 | - |
| Net Position | | | | |
| Net investment in capital assets | 23,055,264 | 46,350,805 | 69,406,069 | - |
| Restricted for: | | | | |
| Police and fire operations | 3,533,774 | - | 3,533,774 | - |
| Drug forfeiture | 1,590,962 | - | 1,590,962 | - |
| Shared services | 1,439,625 | - | 1,439,625 | - |
| Debt service | 1,360,894 | - | 1,360,894 | - |
| Special assessments | 572,795 | - | 572,795 | - |
| Youth assistance | 163,252 | - | 163,252 | - |
| Donation | 5,000 | - | 5,000 | - |
| Unrestricted | 9,927,066 | 35,809,582 | 45,736,648 | 1,103 |
| Total net position | <u>\$ 41,648,632</u> | <u>\$ 82,160,387</u> | <u>\$ 123,809,019</u> | <u>\$ 1,103</u> |

Charter Township of Northville

| Functions/Programs | Expenses | Program Revenue | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 3,493,755 | \$ 1,183,557 | \$ - | \$ 79,920 |
| Public safety: | | | | |
| Police and fire | 10,734,926 | 475,819 | 153,787 | 1,789,355 |
| Building department | 491,918 | 1,062,979 | - | - |
| Community and economic development | 195,707 | 34,171 | 22,394 | - |
| Recreation and culture | 1,989,540 | 140,731 | 176,689 | 191,885 |
| Interest on long-term debt | 1,485,959 | - | - | - |
| Total governmental activities | 18,391,805 | 2,897,257 | 352,870 | 2,061,160 |
| Business-type activities: | | | | |
| Water and sewer | 14,312,122 | 12,289,757 | - | 3,063,284 |
| Solid waste | 1,273,154 | 1,221,220 | - | - |
| Total business-type activities | 15,585,276 | 13,510,977 | - | 3,063,284 |
| Total primary government | \$ 33,977,081 | \$ 16,408,234 | \$ 352,870 | \$ 5,124,444 |
| Component unit - Economic Development Corporation | \$ - | \$ - | \$ - | \$ - |
| General revenue: | | | | |
| Property taxes | | | | |
| State-shared revenue | | | | |
| Investment income | | | | |
| Other miscellaneous income | | | | |
| Gain on sale of fixed assets | | | | |
| Total general revenue | | | | |
| Change in Net Position | | | | |
| Net Position - Beginning of year | | | | |
| Net Position - End of year | | | | |

Statement of Activities
Year Ended December 31, 2012

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------------|-----------------------|----------------------------|
| Primary Government | | | Component Unit (EDC) |
| Governmental Activities | Business-type Activities | Total | |
| \$ (2,230,278) | \$ - | \$ (2,230,278) | \$ - |
| (8,315,965) | - | (8,315,965) | - |
| 571,061 | - | 571,061 | - |
| (139,142) | - | (139,142) | - |
| (1,480,235) | - | (1,480,235) | - |
| (1,485,959) | - | (1,485,959) | - |
| (13,080,518) | - | (13,080,518) | - |
| - | 1,040,919 | 1,040,919 | - |
| - | (51,934) | (51,934) | - |
| - | 988,985 | 988,985 | - |
| (13,080,518) | 988,985 | (12,091,533) | - |
| - | - | - | - |
| 12,135,482 | - | 12,135,482 | - |
| 2,077,884 | - | 2,077,884 | - |
| 86,826 | 149,249 | 236,075 | - |
| 35,031 | - | 35,031 | - |
| 2,646 | - | 2,646 | - |
| 14,337,869 | 149,249 | 14,487,118 | - |
| 1,257,351 | 1,138,234 | 2,395,585 | - |
| 40,391,281 | 81,022,153 | 121,413,434 | 1,103 |
| \$ 41,648,632 | \$ 82,160,387 | \$ 123,809,019 | \$ 1,103 |

Charter Township of Northville

Governmental Funds Balance Sheet December 31, 2012

| | Combining Police | | Seven Mile Road | | Total | |
|--|---------------------|---------------------|---------------------|---------------------------------------|---------------------|----------------------|
| | General Fund | Fund | Fire Fund | Property Purchase Fund Nonmajor Funds | | |
| Assets | | | | | | |
| Cash and investments (Note 4) | \$ 4,940,911 | \$ 5,508,186 | \$ 4,657,350 | \$ 1,272,053 | \$ 3,324,652 | \$ 19,703,152 |
| Receivables: | | | | | | |
| Property taxes | 684,480 | 2,310,073 | 1,967,841 | 727,267 | 391,374 | 6,081,035 |
| Special assessments | 15,901 | - | - | - | 556,894 | 572,795 |
| Other receivables | - | - | 43,368 | - | 11,649 | 55,017 |
| Due from other governmental units | 1,518,829 | - | - | - | - | 1,518,829 |
| Prepaid items and other assets | 67,588 | 54,616 | 45,334 | - | 17,697 | 185,235 |
| Total assets | \$ 7,227,709 | \$ 7,872,875 | \$ 6,713,893 | \$ 1,999,320 | \$ 4,302,266 | \$ 28,116,063 |
| Liabilities | | | | | | |
| Accounts payable | \$ 87,474 | \$ 227,088 | \$ 177,520 | \$ 23,288 | \$ 13,314 | \$ 528,684 |
| Accrued salaries and wages | 71,803 | 135,777 | 106,539 | - | 2,261 | 316,380 |
| Total liabilities | 159,277 | 362,865 | 284,059 | 23,288 | 15,575 | 845,064 |
| Deferred Inflows of Resources (Note 6) | 1,426,318 | 4,760,158 | 4,054,950 | 1,498,568 | 1,363,300 | 13,103,294 |
| Total liabilities and deferred inflows of resources | 1,585,595 | 5,123,023 | 4,339,009 | 1,521,856 | 1,378,875 | 13,948,358 |
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Prepays | 47,588 | - | - | - | 17,697 | 65,285 |
| Long-term receivable | 1,159,884 | - | - | - | - | 1,159,884 |
| Restricted: | | | | | | |
| Drug forfeiture | - | 1,590,962 | - | - | - | 1,590,962 |
| Police and fire operations | - | 1,158,890 | 2,374,884 | - | - | 3,533,774 |
| Debt service | - | - | - | 477,464 | 883,430 | 1,360,894 |
| Donation | 5,000 | - | - | - | - | 5,000 |
| Youth assistance | - | - | - | - | 145,555 | 145,555 |
| Parks, recreation, and cultural services | - | - | - | - | 1,439,625 | 1,439,625 |
| Assigned: | | | | | | |
| Debt service | - | - | - | - | 39,306 | 39,306 |
| Capital projects | - | - | - | - | 397,778 | 397,778 |
| Unassigned | 4,429,642 | - | - | - | - | 4,429,642 |
| Total fund balances | 5,642,114 | 2,749,852 | 2,374,884 | 477,464 | 2,923,391 | 14,167,705 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 7,227,709 | \$ 7,872,875 | \$ 6,713,893 | \$ 1,999,320 | \$ 4,302,266 | \$ 28,116,063 |

Charter Township of Northville

Governmental Funds Reconciliation of the Fund Balances to the Statement of Net Position December 31, 2012

| | |
|---|-----------------------------|
| Fund Balance Reported in Governmental Funds | \$ 14,167,705 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds | 55,647,511 |
| Investments in joint ventures are not financial resources and are not reported in the funds | 2,666,505 |
| Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures | 572,795 |
| Bonds payable are not due and payable in the current period and are not reported in the funds | (32,993,254) |
| Accrued interest is not due and payable in the current period and is not reported in the funds | (304,442) |
| The excess deposit into the escrow account in connection with the bond refunding is deferred and recognized as a deferred outflow of resources | 401,007 |
| Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities | (1,389,297) |
| Estimated self-insurance claims do not present a claim on current financial resources and are not reported as fund liabilities | (140,000) |
| Net prepayments of retiree healthcare obligations relate to expenses of future periods; however, they are recognized in the funds when paid | <u>3,020,102</u> |
| Net Position of Governmental Activities | <u>\$ 41,648,632</u> |

Charter Township of Northville

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2012

| | General Fund | Combining Police Fund | Fire Fund | Seven Mile Road Property Purchase Fund | Nonmajor Funds | Total |
|---|---------------------|--------------------------|---------------------|--|---------------------|----------------------|
| Revenue | | | | | | |
| Property taxes | \$ 1,404,375 | \$ 4,631,985 | \$ 3,796,866 | \$ 1,522,256 | \$ 780,000 | \$ 12,135,482 |
| Building department | 1,062,979 | - | - | - | - | 1,062,979 |
| Federal sources | - | 1,919,215 | 43,368 | - | 248,508 | 2,211,091 |
| State sources | 2,077,884 | 58,988 | 4,399 | - | 16,533 | 2,157,804 |
| Charges for services | - | - | - | - | 313,296 | 313,296 |
| Investment income | 10,111 | 38,371 | 2,207 | 457 | 35,680 | 86,826 |
| Licensing and enforcement | - | 196,471 | - | - | - | 196,471 |
| Other revenue | 935,187 | 475,209 | 469,701 | - | 259,313 | 2,139,410 |
| Total revenue | 5,490,536 | 7,320,239 | 4,316,541 | 1,522,713 | 1,653,330 | 20,303,359 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Legislative | 1,615,843 | - | - | - | - | 1,615,843 |
| Treasurer | 984,656 | - | - | - | - | 984,656 |
| Clerk | 438,753 | - | - | - | - | 438,753 |
| Public safety: | | | | | | |
| Police department | - | 6,400,651 | - | - | - | 6,400,651 |
| Fire department | - | - | 4,259,831 | - | - | 4,259,831 |
| Building department | 482,455 | - | - | - | - | 482,455 |
| Community and economic development: | | | | | | |
| Community development programs | - | - | - | - | 30,535 | 30,535 |
| Planning and zoning | 165,172 | - | - | - | - | 165,172 |
| Recreation and culture | - | - | - | - | 1,543,347 | 1,543,347 |
| Capital outlay | - | - | - | - | 539,304 | 539,304 |
| Debt service | - | - | - | 1,544,845 | 1,750,771 | 3,295,616 |
| Total expenditures | 3,686,879 | 6,400,651 | 4,259,831 | 1,544,845 | 3,863,957 | 19,756,163 |
| Excess of Revenue Over (Under) Expenditures | | | | | | |
| | 1,803,657 | 919,588 | 56,710 | (22,132) | (2,210,627) | 547,196 |
| Other Financing Sources (Uses) | | | | | | |
| Face value of debt issue | - | - | - | - | 9,115,000 | 9,115,000 |
| Debt premium | - | - | - | - | 843,254 | 843,254 |
| Proceeds from sale of capital assets | - | 7 | 464 | - | - | 471 |
| Transfers in | 311,703 | - | - | - | 1,813,017 | 2,124,720 |
| Transfers out | (948,933) | (187,978) | (375,956) | - | (611,853) | (2,124,720) |
| Payment to bond refunding escrow agent | - | - | - | - | (9,826,007) | (9,826,007) |
| Total other financing (uses) sources | (637,230) | (187,971) | (375,492) | - | 1,333,411 | 132,718 |
| Net Change in Fund Balances | 1,166,427 | 731,617 | (318,782) | (22,132) | (877,216) | 679,914 |
| Fund Balances - As restated - Beginning of year (Note 3) | 4,475,687 | 2,018,235 | 2,693,666 | 499,596 | 3,800,607 | 13,487,791 |
| Fund Balances - End of year | <u>\$ 5,642,114</u> | <u>\$ 2,749,852</u> | <u>\$ 2,374,884</u> | <u>\$ 477,464</u> | <u>\$ 2,923,391</u> | <u>\$ 14,167,705</u> |

The Notes to Financial Statements are an Integral Part of this Statement.

Charter Township of Northville

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2012

| | |
|--|----------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 679,914 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation: | |
| Capital outlay | 791,439 |
| Depreciation expense | (1,233,840) |
| Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 60 days of year end | 79,916 |
| Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) | 1,775,000 |
| Change in accrued interest payable | 44,786 |
| Net proceeds and expenditures related to the refunding of the 2003 bonds recorded in the governmental funds (net of amount received of \$9,826,007, refunding of \$9,115,000, premium of \$843,254, and deferred charge of \$401,007) | (268,761) |
| Change in accumulated employee sick and vacation pay and estimated self-insurance liability reported in the statement of activities does not require the use of current resources and therefore is not reported in the fund statements until they come due for payment | (2,983) |
| Grants and other receivables that are not collected within 60 days of year end are not available currently and are not recorded in the funds | (26,088) |
| Change in equity interest in the 35th District Courthouse Authority not reported in the governmental funds | (665,113) |
| Equity interest in the Northville Parks and Recreation Commission is not reported in the governmental funds | 114,269 |
| Net prepayments of retiree healthcare obligations relate to expenditures in future periods and are not reported in the funds | (31,188) |
| Change in Net Position of Governmental Activities | <u>\$ 1,257,351</u> |

Charter Township of Northville

Proprietary Funds - Enterprise Funds Statement of Net Position December 31, 2012

| | Enterprise Funds | | |
|--|----------------------|-------------------|----------------------|
| | Water and Sewer | Solid Waste | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents (Note 4) | \$ 5,020,708 | \$ 402,739 | \$ 5,423,447 |
| Receivables: | | | |
| Special assessments | 235,034 | - | 235,034 |
| Customers | 1,796,673 | - | 1,796,673 |
| Accrued interest receivable | 71,398 | - | 71,398 |
| Prepays and other assets | 38,748 | - | 38,748 |
| Total current assets | 7,162,561 | 402,739 | 7,565,300 |
| Noncurrent assets: | | | |
| Advances to other funds (Note 8) | 626,496 | - | 626,496 |
| Investment in joint venture (Note 14) | 13,093,769 | - | 13,093,769 |
| Capital assets (Note 7): | | | |
| Assets not subject to depreciation | 1,075,012 | - | 1,075,012 |
| Assets subject to depreciation | 50,036,880 | 713,913 | 50,750,793 |
| Cash segregated for capital reserves | 16,485,051 | - | 16,485,051 |
| Other postemployment benefit asset (Note 13) | 436,505 | - | 436,505 |
| Total noncurrent assets | 81,753,713 | 713,913 | 82,467,626 |
| Total assets | 88,916,274 | 1,116,652 | 90,032,926 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 1,218,630 | 81,753 | 1,300,383 |
| Accrued liabilities and other | 76,393 | - | 76,393 |
| Unearned revenue | - | 205,996 | 205,996 |
| Current portion of long-term debt (Note 9) | 290,129 | - | 290,129 |
| Total current liabilities | 1,585,152 | 287,749 | 1,872,901 |
| Noncurrent liabilities: | | | |
| Advances from other funds (Note 8) | - | 626,496 | 626,496 |
| Long-term debt - Net of current portion (Note 9) | 5,373,142 | - | 5,373,142 |
| Total noncurrent liabilities | 5,373,142 | 626,496 | 5,999,638 |
| Total liabilities | 6,958,294 | 914,245 | 7,872,539 |
| Net Position | | | |
| Net investment in capital assets | 45,636,892 | 713,913 | 46,350,805 |
| Unrestricted (deficit) | 36,321,088 | (511,506) | 35,809,582 |
| Total net position | <u>\$ 81,957,980</u> | <u>\$ 202,407</u> | <u>\$ 82,160,387</u> |

Charter Township of Northville

Proprietary Funds - Enterprise Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2012

| | Enterprise Funds | | |
|---|----------------------|-------------------|----------------------|
| | Water and Sewer | Solid Waste | Total |
| Operating Revenue | | | |
| Sale of water and sewer services | \$ 12,201,785 | \$ - | \$ 12,201,785 |
| Solid waste charges | - | 1,221,220 | 1,221,220 |
| Other | 87,972 | - | 87,972 |
| Total operating revenue | 12,289,757 | 1,221,220 | 13,510,977 |
| Operating Expenses | | | |
| Cost of water | 5,065,540 | - | 5,065,540 |
| Cost of sewage disposal | 4,522,573 | - | 4,522,573 |
| Salaries and wages | 863,995 | - | 863,995 |
| Collection and recycling charges | - | 1,169,042 | 1,169,042 |
| Fringe benefits | 390,139 | - | 390,139 |
| System maintenance and operation | 519,710 | - | 519,710 |
| General and administrative | 982,120 | 51,230 | 1,033,350 |
| Depreciation | 1,743,322 | 52,882 | 1,796,204 |
| Total operating expenses | 14,087,399 | 1,273,154 | 15,360,553 |
| Operating Loss | (1,797,642) | (51,934) | (1,849,576) |
| Nonoperating Revenue (Expenses) | | | |
| Interest income | 148,938 | 311 | 149,249 |
| Interest expense | (224,723) | - | (224,723) |
| Total nonoperating (expense) revenue | (75,785) | 311 | (75,474) |
| Loss - Before contributions | (1,873,427) | (51,623) | (1,925,050) |
| Capital Contributions | | | |
| Capital grants | 665,093 | - | 665,093 |
| Special assessments | 13,430 | - | 13,430 |
| Collection of connection fees | 2,375,821 | - | 2,375,821 |
| Lines constructed by developers | 8,940 | - | 8,940 |
| Total capital contributions | 3,063,284 | - | 3,063,284 |
| Change in Net Position | 1,189,857 | (51,623) | 1,138,234 |
| Net Position - Beginning of year | 80,768,123 | 254,030 | 81,022,153 |
| Net Position - End of year | \$ 81,957,980 | \$ 202,407 | \$ 82,160,387 |

Charter Township of Northville

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2012

| | Enterprise Funds | |
|--|---------------------|-------------------|
| | Water and Sewer | Solid Waste |
| Cash Flows from Operating Activities | | |
| Receipts from customers | \$ 12,078,054 | \$ 1,225,112 |
| Receipts from interfund services and reimbursements | 83 | - |
| Payments to suppliers | (12,140,493) | (1,216,899) |
| Payments to employees | (1,887,422) | - |
| Other | (4,297) | - |
| | (1,954,075) | 8,213 |
| Net cash (used in) provided by operating activities | | |
| Cash Flows from Noncapital Financing Activities | | |
| Repayments of loans made to other funds | 166,742 | - |
| Repayments of loans from other funds | - | (166,742) |
| | 166,742 | (166,742) |
| Net cash provided by (used in) noncapital financing activities | | |
| Cash Flows from Capital and Related Financing Activities | | |
| Drawdown of State Revolving Fund | 48,291 | - |
| Receipt of capital grants | 665,093 | - |
| Special assessment collections | 46,337 | - |
| Collection of connection fees | 2,375,821 | - |
| Purchase of capital assets | (1,455,025) | - |
| Principal and interest paid on capital debt | (430,692) | - |
| | 1,249,825 | - |
| Net cash provided by capital and related financing activities | | |
| Cash Flows from Investing Activities | | |
| Interest received on investments | 223,348 | 312 |
| Proceeds from sale and maturities of investment securities | 1,026,486 | - |
| | 1,249,834 | 312 |
| Net cash provided by investing activities | | |
| Net Increase (Decrease) in Cash and Cash Equivalents | 712,326 | (158,217) |
| Cash and Cash Equivalents - Beginning of year | 4,308,382 | 560,956 |
| Cash and Cash Equivalents - End of year | \$ 5,020,708 | \$ 402,739 |
| Balance Sheet Classification of Cash and Cash Equivalents | | |
| Cash and investments | \$ 21,505,759 | \$ 402,739 |
| Less amounts classified as investments | (16,485,051) | - |
| | \$ 5,020,708 | \$ 402,739 |
| Total cash and cash equivalents | | |
| Reconciliation of Operating Loss to Net Cash from Operating Activities | | |
| Operating loss | \$ (1,797,642) | \$ (51,934) |
| Adjustments to reconcile operating loss to net cash from operating activities: | | |
| Depreciation and amortization | 1,743,322 | 52,882 |
| Changes in assets and liabilities: | | |
| Receivables | (211,703) | 3,892 |
| Due from others | 83 | - |
| Prepaid and other assets | (2,033,322) | - |
| Accounts payable | 344,937 | 3,373 |
| Accrued and other liabilities | 4,547 | - |
| Other | (4,297) | - |
| | (1,954,075) | 8,213 |
| Net cash (used in) provided by operating activities | | |

Charter Township of Northville

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2012

| | <u>Agency Funds</u> |
|---|----------------------------|
| Assets - Cash and cash equivalents | <u>\$ 8,363,802</u> |
| Liabilities | |
| Accounts payable | \$ 18,566 |
| Tax collections distributable | 5,181,439 |
| Bonds and deposits | <u>3,163,797</u> |
| Total liabilities | <u>\$ 8,363,802</u> |

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note I - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Northville (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Northville:

Reporting Entity

The Charter Township of Northville is governed by an elected seven-member board of trustees. As required by generally accepted accounting principles, these financial statements present the Charter Township of Northville and its component units. The component units discussed below are included in the Township's reporting entity because of the significance of their operational or financial relationships with the Township.

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

The Northville Township Brownfield Authority, created in 2007, is governed by a seven-member board that is appointed by the Township board of trustees. Although it is legally separate from the Township, it is reported as if it were part of the primary government because of the insignificance of its activity. The sole purpose of the Northville Township Brownfield Authority is to promote revitalization of environmentally distressed areas within the boundaries of the Township.

The Economic Development Corporation (the "EDC") is reported within the component unit column in the financial statements. It is reported in a separate column to emphasize that it is separate from the Township. The EDC was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The EDC's governing body, which consists of nine individuals, is selected by the Township board.

Government-wide and Fund Financial Statements

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

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. In addition, property taxes collected in December of the current year and January of the subsequent year are available; however, those taxes were levied for the following year's budget; therefore, this revenue has also been deferred.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note I - Summary of Significant Accounting Policies (Continued)

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 Police and Fire Funds are full-service departments whose main source of revenue comes from voter-approved millage on all real property. The funds provide safety, fire suppression, fire prevention, and emergency medical service in the Township.

The Seven Mile Road Property Purchase Fund accounts for the acquisition of specific property in the Township and related debt. Revenue consists primarily of voter-approved millage on all real property.

The Township reports the Water and Sewer Fund as its major proprietary fund. This fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.

Additionally, the Township reports agency fund types. The agency funds account for assets held by the Township in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the Township's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the fund balance classifications could be used, it is the Township's policy to spend funds first from the most restrictive category to the least restrictive (i.e., restricted, committed, assigned, and unassigned).

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

The taxable valuation of the Township totaled approximately \$1.7 billion. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2011 tax is levied and collectible on December 1, 2011 and is recognized as revenue in the year ended December 31, 2012, when the proceeds of the levy are budgeted and available for the financing of operations. These amounts are recognized in the respective General, special revenue, and debt service funds financial statements as tax revenue, net of administrative fees plus collection of delinquent tax revenue.

The Township's tax levy for the year ended December 31, 2012 was as follows:

| Purpose | Millage Rate | Revenue |
|-------------------------------------|--------------|---------------|
| General operating | 0.8000 | \$ 1,330,046 |
| Police and fire special voted mills | 5.000 | 8,444,617 |
| Shared services special voted mills | 0.4574 | 771,761 |
| Debt services special voted mills | 0.9000 | 1,523,547 |
| Total | 7.1574 | \$ 12,069,971 |

Assets, Liabilities, and Net Position or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note I - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township only has one item that qualifies for reporting in this category. It is the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., bike paths and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note I - Summary of Significant Accounting Policies (Continued)

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

Governmental activities:

| | |
|------------------------------|----------|
| Bike paths and similar items | 15 years |
| Building and improvements | 30 years |
| Vehicles | 5 years |
| Furniture and equipment | 5 years |
| Computer equipment | 3 years |

Business-type activities:

| | |
|---------------------------|-------------|
| Water and sewer systems | 50-75 years |
| Building and improvements | 25 years |
| Equipment | 5-15 years |

Compensated Absences - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pension and Other Postemployment Benefit Costs - The Township offers both pension and retiree healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note I - Summary of Significant Accounting Policies (Continued)

Fund Equity - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable** - Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted** - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed** - Amounts that have been formally set aside by the board of trustees for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board of trustees.
- **Assigned** - Intent to spend resources on specific purposes expressed by the Township manager or finance director, who is authorized by Resolution 2011-56, *Fund Balance Classification Policies and Procedures*, and is approved by the board of trustees to make assignments
- **Unassigned** - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When multiple classifications of fund balance are available, fund balance will be used first from the most restrictive category in order, to the least restrictive.

The fund balance policy proscribes the minimum fund balance as \$250,000 in the General Fund. This is deemed to be the prudent amount to maintain the Township's ability to meet obligations as they come due throughout the year.

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

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 2 - Stewardship, Compliance, and Accountability

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

| | | | |
|---|----|---------|--------------------|
| Shortfall at January 1, 2012 | | \$ | (2,508,934) |
| Current year permit revenue | | | 1,062,979 |
| Related expenses: | | | |
| Direct costs | \$ | 482,455 | |
| Estimated indirect costs | | 461,793 | 944,248 |
| | | | <u>118,731</u> |
| Current year surplus | | | <u>118,731</u> |
| Cumulative shortfall at December 31, 2012 | | \$ | <u>(2,390,203)</u> |

Note 3 - Accounting and Reporting Change

During the year, the Township adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statement impacts the format and reporting of the balance sheet at the government-wide level and also at the fund level.

During the year, the Township also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 3 - Accounting and Reporting Change (Continued)

During 2012, the Township decided to combine the Special Operations Team Fund with the Combining Police Fund. The combining of funds does not change the way the Township budgets for these funds. The beginning fund balance for the Combining Police Fund was restated as follows:

| | <u>Combining Police Fund</u> |
|---|----------------------------------|
| Fund balance - December 31, 2011 - As previously reported | \$ 2,006,642 |
| Reclassification as a result of combining the Special Operations Team Fund | <u>11,593</u> |
| Fund balance - December 31, 2011 - As restated | <u>\$ 2,018,235</u> |

Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated five banks for the deposit of its funds. The investment policy adopted by the board of trustees in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 4 - Deposits and Investments (Continued)

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$6,954,210 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, 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.

The unlimited FDIC insurance program expired on December 31, 2012. Starting January 1, 2013, the Township's uninsured deposits increased significantly.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

| Investment | Fair Value | Weighted Average Maturity |
|---|----------------------|---------------------------------|
| Primary Government - U.S. government agency securities | <u>\$ 12,582,222</u> | 10.62 |

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the Township had investments in five governmental investment funds that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These funds are fully liquid for withdrawal at any time and the price per unit does not fluctuate with interest earned according to the amount and duration of the investment. At year end, the credit quality ratings are as follows:

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 4 - Deposits and Investments (Continued)

| Investment | S&P AAA | S&P AA+ | S&P AA | S&P A-I | S&P Not Rated |
|--------------------------------------|--------------|---------------|-----------|------------|------------------|
| Primary Government | | | | | |
| U.S. government agency securities | \$ 3,478,291 | \$ 12,056,549 | \$ - | \$ - | \$ - |
| Asset and mortgage-backed securities | - | 268,820 | - | - | - |
| Foreign bonds | - | - | - | - | 304,680 |
| Bank investment pool | - | - | - | - | 1,759,100 |
| Total | \$ 3,478,291 | \$ 12,325,369 | \$ - | \$ - | \$ 2,063,780 |

Note 5 - Cash Segregated for Capital Reserves - Water and Sewer

Segregated assets at December 31, 2012 consist of bank deposits. These assets are segregated by board resolution for replacement of plant, major repairs, acquisition of capacity, and facility expansion.

Note 6 - Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables that are not collectible soon enough after the end of the year (60 days) that they are considered to be available to liquidate liabilities of the current period. In addition, property taxes that have been levied on December 1 to support the following year's budget are deferred and recognized in the following year (in both the government-wide and fund-based statements). At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

| | Governmental Funds | | |
|---------------------|--------------------|-----------------------------|---------------|
| | Unavailable | Levied for the Next Year | Total |
| Property taxes | \$ - | \$ 12,530,499 | \$ 12,530,499 |
| Special assessments | 572,795 | - | 572,795 |
| Total | \$ 572,795 | \$ 12,530,499 | \$ 13,103,294 |

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 7 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

| | Balance January 1, 2012 | Additions | Disposals | Balance December 31, 2012 |
|--|----------------------------|--------------|-----------|---------------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated - | | | | |
| Land | \$ 40,524,910 | \$ 1 | \$ - | \$ 40,524,911 |
| Capital assets being depreciated: | | | | |
| Bike paths | 1,950,563 | - | - | 1,950,563 |
| Buildings and improvements | 17,930,576 | 16,522 | - | 17,947,098 |
| Vehicles | 2,781,698 | 578,353 | 29,171 | 3,330,880 |
| Furniture and equipment | 3,318,039 | 47,434 | 222,243 | 3,143,230 |
| Computer equipment | 940,004 | 149,129 | 147,455 | 941,678 |
| Subtotal | 26,920,880 | 791,438 | 398,869 | 27,313,449 |
| Accumulated depreciation: | | | | |
| Bike paths | 380,858 | 119,767 | - | 500,625 |
| Buildings and improvements | 5,046,711 | 572,175 | - | 5,618,886 |
| Vehicles | 2,295,415 | 275,457 | 29,171 | 2,541,701 |
| Furniture and equipment | 2,765,455 | 219,320 | 222,243 | 2,762,532 |
| Computer equipment | 867,439 | 47,121 | 147,455 | 767,105 |
| Subtotal | 11,355,878 | 1,233,840 | 398,869 | 12,190,849 |
| Net capital assets being depreciated | 15,565,002 | (442,402) | - | 15,122,600 |
| Net capital assets | \$ 56,089,912 | \$ (442,401) | \$ - | \$ 55,647,511 |
| Business-type Activities | | | | |
| Capital assets not being depreciated - | | | | |
| Construction in progress | \$ - | \$ 1,075,012 | \$ - | \$ 1,075,012 |
| Capital assets being depreciated: | | | | |
| Water and sewer systems | 73,018,014 | 299,780 | - | 73,317,794 |
| Buildings and improvements | 1,549,787 | - | - | 1,549,787 |
| Equipment | 4,889,406 | 89,172 | 4,096,169 | 882,409 |
| Subtotal | 79,457,207 | 388,952 | 4,096,169 | 75,749,990 |
| Accumulated depreciation: | | | | |
| Water and sewer systems | 22,409,400 | 1,464,050 | - | 23,873,450 |
| Solid waste | 26,441 | 52,883 | - | 79,324 |
| Equipment | 3,891,088 | 217,280 | 4,096,169 | 12,199 |
| Buildings and improvements | 972,233 | 61,991 | - | 1,034,224 |
| Subtotal | 27,299,162 | 1,796,204 | 4,096,169 | 24,999,197 |
| Net capital assets being depreciated | 52,158,045 | (1,407,252) | - | 50,750,793 |
| Net capital assets | \$ 52,158,045 | \$ (332,240) | \$ - | \$ 51,825,805 |

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 7 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

| | |
|--------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 472,510 |
| Public safety | 711,427 |
| Building department | 5,559 |
| Recreation and culture | 44,344 |
| | <u>1,233,840</u> |
| Total governmental activities | <u>\$ 1,233,840</u> |
| Business-type activities: | |
| Water and Sewer Fund | \$ 1,743,322 |
| Solid waste | 52,882 |
| | <u>1,796,204</u> |
| Total business-type activities | <u>\$ 1,796,204</u> |

Construction Commitments - The Township has active construction projects as of December 31, 2012. At year end, the Township's commitments with contractors are as follows:

| | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|----------------|----------------------|---------------------------------|
| Sewer projects | \$ 981,852 | \$ 1,016,840 |

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-------------------|
| Advances from | | |
| Water and Sewer Fund | Solid Waste Fund | <u>\$ 626,496</u> |

The Water and Sewer Fund advanced \$793,328 to the Solid Waste Fund for the acquisition of equipment. The loan bears interest at 2 percent and will be repaid to the Water and Sewer Fund over a five-year period. At December 31, 2012, the balance was \$626,496.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 8 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

| <u>Fund Transferred From</u> | <u>Fund Transferred To</u> | <u>Amount</u> |
|------------------------------|-----------------------------------|---------------|
| General Fund | Building Authority Fund | \$ 563,933 |
| | Nonmajor governmental funds | 385,000 |
| | Total General Fund | 948,933 |
| Police Fund | Building Authority Fund | 187,978 |
| Fire Fund | Building Authority Fund | 375,956 |
| Nonmajor governmental funds | General Fund | 311,703 |
| | Nonmajor governmental funds | 300,150 |
| | Total nonmajor governmental funds | 611,853 |
| | Total | \$ 2,124,720 |

The transfers from the General Fund to the nonmajor governmental funds represent the use of unrestricted resources to finance capital improvements and debt service.

The transfers from the Police Fund and Fire Fund to the Building Authority Fund represent the use of resources to finance debt service.

The transfers from the nonmajor governmental funds to the General Fund represent the transfer of unrestricted funds from a debt service fund.

The transfers from the nonmajor governmental funds to other nonmajor governmental funds represent the transfer of unrestricted funds from a capital projects fund.

Note 9 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Installment purchase agreements and capital leases are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefiting from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 9 - Long-term Debt (Continued)

| Description | Amount |
|---|----------------------|
| Governmental Activities | |
| <u>General Obligations:</u> | |
| 2003 General Obligation Limited Bonds: Amount of issue - \$15,000,000 Maturing through 2023 Interest rate 3.00% - 4.75% | \$ 800,000 |
| 2006 General Obligation Bonds: Amount of issue - \$2,645,000 Maturing through 2020 Interest rate 3.75% - 4.00% | 1,935,000 |
| 2009 Unlimited Tax General Obligation Bonds Series B: Amount of issue - \$18,145,000 Maturing through 2029 Interest rate 6.066% - 6.478% | 18,145,000 |
| 2009 Unlimited Tax General Obligation Bonds Series A: Amount of issue - \$3,865,000 Maturing through 2014 Interest rate 2.00% - 3.00% | 1,630,000 |
| 2012 Refunding Limited Tax General Obligation Bonds Amount of issue - \$9,115,000 Maturing through 2023 Interest rate 2.00% - 4.00% | <u>9,115,000</u> |
| Subtotal | 31,625,000 |
| <u>Special Assessment Bonds:</u> | |
| 2009 Special Assessment Limited Tax Bonds: Amount of issue - \$625,000 Maturing through 2024 Interest rate 3.10% - 5.00% | <u>525,000</u> |
| Total governmental activities bonds | <u>\$ 32,150,000</u> |

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 9 - Long-term Debt (Continued)

| Description | Amount |
|--|---------------------|
| Business-type Activities | |
| <u>General Obligations:</u> | |
| 2007 Capital Improvement Bonds: | |
| Amount of issue - \$5,000,000 | |
| Maturing through 2027 | |
| Interest rate 4.00% - 4.05% | \$ 4,400,000 |
| 2009 General Obligation Bonds: | |
| Amount of issue - \$1,125,000 | |
| Maturity through 2024 | |
| Interest rate 3.25% - 4.50% | 1,075,000 |
| Drinking Water Revolving Fund Project #7299-01 | |
| Amount of issue - \$1,664,907 | |
| Maturing through 2032 | |
| Interest rate of 2.50% | 48,291 |
| Total business-type activities bonds | <u>\$ 5,523,291</u> |

Long-term debt activity can be summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|----------------------|----------------------|----------------------|------------------------|
| Governmental Activities | | | | | |
| General obligation bonds | \$ 33,670,000 | \$ 9,115,000 | \$ 11,160,000 | \$ 31,625,000 | \$ 1,825,000 |
| Special assessment bonds | 565,000 | - | 40,000 | 525,000 | 40,000 |
| Issuance premium | - | 843,254 | - | 843,254 | - |
| Total bonds payable | 34,235,000 | 9,958,254 | 11,200,000 | 32,993,254 | 1,865,000 |
| Estimated self-insurance claims (Note 10) | 160,000 | 278,408 | 298,408 | 140,000 | 140,000 |
| Accumulated compensated absences | 1,366,314 | 978,029 | 955,046 | 1,389,297 | 493,723 |
| Total governmental activities | <u>\$ 35,761,314</u> | <u>\$ 11,214,691</u> | <u>\$ 12,453,454</u> | <u>\$ 34,522,551</u> | <u>\$ 2,498,723</u> |
| Business-type Activities | | | | | |
| General obligation bonds | \$ 5,700,000 | \$ - | \$ 225,000 | \$ 5,475,000 | \$ 225,000 |
| State revolving loan | - | 48,291 | - | 48,291 | - |
| Total bonds payable | 5,700,000 | 48,291 | 225,000 | 5,523,291 | 225,000 |
| Accumulated compensated absences | 120,746 | 79,985 | 60,751 | 139,980 | 65,129 |
| Total business-type activities | <u>\$ 5,820,746</u> | <u>\$ 128,276</u> | <u>\$ 285,751</u> | <u>\$ 5,663,271</u> | <u>\$ 290,129</u> |

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 9 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$1,700,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

| Years Ending December 31 | Governmental Activities | | | Business-type Activities | | |
|-----------------------------|-------------------------|----------------------|----------------------|--------------------------|---------------------|---------------------|
| | Principal * | Interest | Total | Principal | Interest | Total |
| 2013 | \$ 1,865,000 | \$ 1,175,710 | \$ 3,040,710 | \$ 225,000 | \$ 215,763 | \$ 440,763 |
| 2014 | 1,890,000 | 1,133,897 | 3,023,897 | 250,000 | 206,950 | 456,950 |
| 2015 | 1,980,000 | 1,090,110 | 3,070,110 | 275,000 | 197,325 | 472,325 |
| 2016 | 1,980,000 | 1,028,575 | 3,008,575 | 275,000 | 186,850 | 461,850 |
| 2017 | 2,120,000 | 956,725 | 3,076,725 | 300,000 | 176,225 | 476,225 |
| 2018-2022 | 11,080,000 | 3,451,265 | 14,531,265 | 2,000,000 | 652,425 | 2,652,425 |
| 2023-2027 | 8,040,000 | 1,457,598 | 9,497,598 | 2,150,000 | 217,150 | 2,367,150 |
| 2028-2032 | 3,195,000 | 135,900 | 3,330,900 | 48,291 | - | 48,291 |
| Total | <u>\$ 32,150,000</u> | <u>\$ 10,429,780</u> | <u>\$ 42,579,780</u> | <u>\$ 5,523,291</u> | <u>\$ 1,852,688</u> | <u>\$ 7,375,979</u> |

* Principal balance excludes the issuance premium of \$843,254.

The Water and Sewer Fund has committed to repay a portion of the 2003 General Obligation Limited Tax bonds issued to construct the municipal building. The outstanding amount of principal and interest to be paid by the Water and Sewer Fund at December 31, 2012 is \$965,156.

Advance Refunding - During the year, the Township issued \$9,115,000 in limited tax general obligation bonds with an interest rate ranging from 2.00 percent to 4.00 percent. The proceeds of these bonds were used to advance refund \$9,425,000 of outstanding 2003 General Obligation Limited Bonds with an interest rate ranging from 3.00 percent to 4.75 percent. The net proceeds of \$9,826,007 (after payment of \$132,247 in underwriting fees, insurance, and other issuance costs and consideration of an \$843,254 premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the 2003 bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$401,007. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The advance refunding reduced total debt service payments over the next 10 years by \$1,056,933, which represents an economic gain of \$853,570.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 9 - Long-term Debt (Continued)

Defeased Debt - In prior years, the Township defeased certain bonds by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bond are not included in the financial statements. At December 31, 2012, \$1,935,000 of bonds outstanding are considered to be defeased.

Special Assessment Bonds - The Township has pledged substantially all revenue from the Edenderry Hills Special Assessment District to repay the above special assessment bonds. Proceeds from the bonds provided financing for the Edenderry Hills Special Assessment District (SAD). The bonds are payable solely from the revenue of the SAD. The remaining principal and interest to be paid on the bonds total \$670,046. During the current year, net revenue of the SAD was \$58,170. In 2012, the Township paid \$40,000 and \$23,747 toward principal and interest, respectively.

Note 10 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased insurance through the Michigan Municipal Workers' Compensation Fund for workers' compensation claims and participates in the Michigan Municipal Risk Management Authority for claims relating to property loss, torts, errors and omissions, and medical benefits.

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

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 10 - Risk Management (Continued)

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| Estimated liability - Beginning of year | \$ 160,000 | \$ 160,000 |
| Estimated claims incurred, including changes in estimates | 278,408 | 256,619 |
| Claim payments | <u>(298,408)</u> | <u>(256,619)</u> |
| Estimated liability - End of year | <u>\$ 140,000</u> | <u>\$ 160,000</u> |

Note 11 - Defined Benefit Pension Plan

Plan Description - The Township participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers employees in the command and patrol divisions. The plan was approved on April 1, 1998. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the MERS for these employees was established by negotiation with the Township's competitive bargaining units. The Township is required to contribute up to 15 percent of annual payroll and employees are required to contribute amounts in excess of 15 percent.

Annual Pension Cost - For the year ended December 31, 2012, the Township's annual pension cost of \$1,394,476 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2010 using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent to 12.9 percent per year, attributable to seniority/merit, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 28 years.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 11 - Defined Benefit Pension Plan (Continued)

Three-year Trend Information

| | Fiscal Year Ended December 31 | | |
|---|--|---------------|---------------|
| | 2010 | 2011 | 2012 |
| Annual pension cost (APC) | \$ 1,337,954 | \$ 1,403,854 | \$ 1,394,476 |
| Percentage of APC contributed | 100 % | 100 % | 100 % |
| | Valuation for the Year Ended December 31 | | |
| | 2009 | 2010 | 2011 |
| Actuarial value of assets | \$ 12,095,899 | \$ 17,066,696 | \$ 19,283,928 |
| Actuarial accrued liability (AAL) | | | |
| (entry age) | \$ 18,233,062 | \$ 24,110,887 | \$ 27,363,897 |
| Unfunded AAL (UAAL) | \$ 6,137,163 | \$ 7,044,191 | \$ 8,079,969 |
| Funded ratio | 66.3 % | 70.8 % | 70.5 % |
| Covered payroll | \$ 5,586,475 | \$ 7,021,949 | \$ 7,069,637 |
| UAAL as a percentage of covered payroll | 109.9 % | 100.3 % | 114.3 % |

Note 12 - Defined Contribution Pension Plan

The Township provides pension benefits to all of its full-time employees not enrolled in the defined benefit plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the board of trustees, the Township contributes between 7 percent and 15 percent of employees' base earnings and voluntary employee contributions are allowed. In accordance with these requirements, the Township contributed \$87,830 during the current year.

Note 13 - Other Postemployment Benefits (OPEB)

Plan Description - The Township provides health benefits to certain full-time employees upon retirement in accordance with labor contracts. Full-time employees who have completed 25 years of service (15 years if management) can retire and receive benefits under this plan. There is effectively a minimum retirement age of 50 years for fire and water and sewer employees. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 13 - Other Postemployment Benefits (OPEB) (Continued)

This is a single-employer defined benefit plan administered by the Township. Administrative costs are paid by the plan. Currently, 13 retirees and one beneficiary are eligible for healthcare benefits and there are 111 active employees that are expected to retire and receive benefits in the future.

Funding Policy - The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). However, as shown below, the Township has made contributions to advance-fund these benefits, as determined by the Township board through annual budget resolutions. Contributions for postemployment healthcare benefits totaled \$179,455. Total contributions of postemployment healthcare benefits made during the year relate to advance funding.

Funding Progress - For the year ended December 31, 2012, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2012. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation’s computed contribution and actual funding are summarized as follows:

| | |
|--|-----------------------|
| Annual required contribution (recommended) | \$ 179,096 |
| Adjustment to the annual required contribution and interest on asset | <u>4,267</u> |
| Annual OPEB cost | 183,363 |
| Amounts contributed - Advance funding | <u>(179,455)</u> |
| Increase in net OPEB obligation | 3,908 |
| OPEB asset - Beginning of year | <u>(3,460,515)</u> |
| OPEB asset - End of year | <u>\$ (3,456,607)</u> |

The schedule of employer contributions and the net OPEB obligation are as follows:

| Fiscal Year Ended | Actuarial Valuation Date | Annual Required Contribution * | Percentage Contributed | Net Pension Asset |
|-------------------|--------------------------|--------------------------------|------------------------|-------------------|
| 12/31/08 | 1/1/07 | \$ 1,119,097 | 100 | \$ - |
| 12/31/09 | 1/1/09 | 128,187 | 100 | 2,480,524 |
| 12/31/10 | 1/1/09 | 28,792 | 100 | 3,181,176 |
| 12/31/11 | 1/1/09 | 28,792 | 100 | 3,460,515 |
| 12/31/12 | 1/1/12 | 179,096 | 100 | 3,456,607 |

* The required contribution is expressed to the Township as a percentage of payroll.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 13 - Other Postemployment Benefits (OPEB) (Continued)

The funding progress of the plan is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (Percent) (a/b) | Covered Payroll (c) * | UAAL as a Percentage of Covered Payroll ** |
|-----------------------------|-------------------------------------|--|---------------------------------|------------------------------------|-----------------------------|---|
| 1/1/07 | \$ 1,014,428 | \$ 9,086,172 | \$ 8,071,744 | 11.2 | \$ - | - |
| 1/1/09 | 2,622,392 | 2,676,437 | 54,045 | 98.0 | - | - |
| 1/1/12 | 4,067,175 | 4,217,220 | 150,045 | 96.4 | - | - |

* Covered payroll - Not available

** UAAL as a percentage of covered payroll - Not available

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after five years. Both rates included a 2.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2012 was 22 years.

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 13 - Other Postemployment Benefits (OPEB) (Continued)

The following is an allocation of the OPEB asset as of December 31, 2012:

| | | |
|--------------------------|----|-------------------------|
| Governmental activities | \$ | 3,020,102 |
| Business-type activities | | <u>436,505</u> |
| Total | \$ | <u><u>3,456,607</u></u> |

Note 14 - Joint Ventures

The Township is a member of the Western Township Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth townships. The participating communities provide annual funding for its operations. During the current year, the Township paid WTUA \$6,565,973 for operations, debt, and capital. The Township's equity interest is recorded within the Water and Sewer Fund. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.

The Township also participates in the Northville Parks and Recreation Commission (Recreation Commission) as a joint venture with the City of Northville. Approval of the annual budget is required by the City of Northville and the Township. The Recreation Commission has been subsidized to the extent that expenditures exceed operating revenue. The Township's equity interest is recorded within the governmental activities column in the statement of net position. The participating communities provide annual funding for its operations. During the current year, the Township contributed \$1,064,564 for the Recreation Commission's operations. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the Township in the near future. Complete financial statements for the Recreation Commission can be obtained from the administrative office at 215 West Main, Northville, MI 48167.

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| Western Township Utilities Authority (WTUA) | \$ - | \$ 13,093,769 | \$ 13,093,769 |
| Northville Parks and Recreation Commission | <u>2,666,505</u> | <u>-</u> | <u>2,666,505</u> |
| Total | <u>\$ 2,666,505</u> | <u>\$ 13,093,769</u> | <u>\$ 15,760,274</u> |

Charter Township of Northville

Notes to Financial Statements December 31, 2012

Note 15 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued two new pension standards, GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB No. 68, *Accounting and Financial Reporting for Pensions*. These new standards significantly revise the current accounting and reporting for pensions, both from an employer perspective as well as from a plan perspective. Employers providing defined benefit pensions to its employees must now, under these new standards, recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised and expanded note disclosures and required supplemental information (RSI). Statement No. 67 is required to be adopted for December 31, 2014 and Statement No. 68 one year later.

Required Supplemental Information

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2012

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget Favorable (Unfavorable) |
|---|---------------------|---------------------|---------------------|--|
| Revenue | | | | |
| Property taxes | \$ 1,423,183 | \$ 1,383,981 | \$ 1,404,375 | \$ 20,394 |
| Building department | 485,000 | 1,013,877 | 1,062,979 | 49,102 |
| State sources | 1,885,352 | 2,066,910 | 2,077,884 | 10,974 |
| Interest, transfers in, and miscellaneous | 30,000 | 341,764 | 321,814 | (19,950) |
| Other revenue | 697,934 | 820,605 | 935,187 | 114,582 |
| Total revenue | 4,521,469 | 5,627,137 | 5,802,239 | 175,102 |
| Expenditures - Current | | | | |
| General government: | | | | |
| Legislative | 1,520,457 | 1,632,798 | 1,615,843 | 16,955 |
| Treasurer | 936,055 | 966,914 | 984,656 | (17,742) |
| Clerk | 406,675 | 434,690 | 438,753 | (4,063) |
| Total general government | 2,863,187 | 3,034,402 | 3,039,252 | (4,850) |
| Building department | 416,500 | 491,000 | 482,455 | 8,545 |
| Planning and zoning | 179,380 | 172,900 | 165,172 | 7,728 |
| Transfer to other funds | 948,933 | 948,933 | 948,933 | - |
| Total expenditures | 4,408,000 | 4,647,235 | 4,635,812 | 11,423 |
| Net Change in Fund Balance | 113,469 | 979,902 | 1,166,427 | 186,525 |
| Fund Balance - Beginning of year | 4,475,687 | 4,475,687 | 4,475,687 | - |
| Fund Balance - End of year | \$ 4,589,156 | \$ 5,455,589 | \$ 5,642,114 | \$ 186,525 |

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2012

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget Favorable (Unfavorable) |
|--|--------------------------|--------------------------|----------------------------|--|
| Revenue | | | | |
| Property taxes | \$ 4,531,540 | \$ 4,630,073 | \$ 4,631,985 | \$ 1,912 |
| Federal grants | 146,000 | 146,000 | 1,835,863 | 1,689,863 |
| Revenue from state sources | - | - | 58,988 | 58,988 |
| Investment income | 65,100 | 65,100 | 38,341 | (26,759) |
| Charges for services | 204,469 | 204,469 | 196,471 | (7,998) |
| Interest, transfers in, and miscellaneous | 404,911 | 469,378 | 475,109 | 5,731 |
| Total revenue | <u>5,352,020</u> | <u>5,515,020</u> | <u>7,236,757</u> | <u>1,721,737</u> |
| Expenditures - Current | | | | |
| Public safety | 6,473,444 | 6,513,511 | 6,386,373 | 127,138 |
| Transfers to other funds | 187,978 | 187,978 | 187,978 | - |
| Total expenditures | <u>6,661,422</u> | <u>6,701,489</u> | <u>6,574,351</u> | <u>127,138</u> |
| Excess of Expenditures (Under) Over Revenue | (1,309,402) | (1,186,469) | 662,406 | 1,848,875 |
| Other Financing Sources - | | | | |
| Proceeds from sale of capital assets | - | - | 7 | 7 |
| Net Change in Fund Balance | (1,309,402) | (1,186,469) | 662,413 | 1,848,882 |
| Fund Balance - Beginning of year | <u>1,988,365</u> | <u>1,988,365</u> | <u>1,988,365</u> | <u>-</u> |
| Fund Balance - End of year | <u>\$ 678,963</u> | <u>\$ 801,896</u> | <u>\$ 2,650,778</u> | <u>\$ 1,848,882</u> |

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2012

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|--|---------------------|---------------------|---------------------|------------------------------------|
| Revenue | | | | |
| Property taxes | \$ 4,018,536 | \$ 3,813,736 | \$ 3,796,866 | \$ (16,870) |
| Federal grants | - | - | 43,368 | 43,368 |
| Revenue from state sources | - | - | 4,399 | 4,399 |
| Investment income | 5,500 | 5,500 | 2,207 | (3,293) |
| Interest, transfers in, and miscellaneous | 423,245 | 432,844 | 469,701 | 36,857 |
| Total revenue | 4,447,281 | 4,252,080 | 4,316,541 | 64,461 |
| Expenditures - Current | | | | |
| Public safety | 4,043,129 | 4,186,916 | 4,259,831 | (72,915) |
| Transfers to other funds | 375,956 | 375,956 | 375,956 | - |
| Total expenditures | 4,419,085 | 4,562,872 | 4,635,787 | (72,915) |
| Excess of Revenue Over (Under) Expenditures | 28,196 | (310,792) | (319,246) | (8,454) |
| Other Financing Sources - | | | | |
| Proceeds from sale of capital assets | - | 463 | 464 | 1 |
| Net Change in Fund Balance | 28,196 | (310,329) | (318,782) | (8,453) |
| Fund Balance - Beginning of year | 2,693,666 | 2,693,666 | 2,693,666 | - |
| Fund Balance - End of year | <u>\$ 2,721,862</u> | <u>\$ 2,383,337</u> | <u>\$ 2,374,884</u> | <u>\$ (8,453)</u> |

Charter Township of Northville

Note to Required Supplemental Information Year Ended December 31, 2012

Budgetary Information - The annual budget is prepared by the Township supervisor and adopted by the Township board; subsequent amendments are approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds, with the exception that operating transfers have been included in the “revenue” and/or “expenditures” categories, rather than as “other financing sources (uses).”

The Township follows procedures outlined below in establishing the budget reflected in the financial statements:

- The budget process begins in August via an email distribution to various Township departments.
- In August, a preliminary operating budget is adopted for the following year.
- In September, the budget is available for public viewing, a public hearing for truth and taxation takes place, and study sessions occur with the board of trustees.
- In October, the final operating budget is adopted.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparison of actual results of operations to the budgets of the General Fund and major special revenue funds as adopted by the Township board is included in the required supplemental information of the basic financial statements.

Charter Township of Northville

Note to Required Supplemental Information (Continued) Year Ended December 31, 2012

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

| | <u>Total Revenue</u> | <u>Total Expenditures</u> |
|--|--------------------------|-------------------------------|
| Charter Township of Northville - General Fund: | | |
| Amounts per operating statement | \$ 5,490,536 | \$ 3,686,879 |
| Interfund transfers budgeted as revenue and expenditures | 311,703 | 948,933 |
| Amounts per budget statement | <u>\$ 5,802,239</u> | <u>\$ 4,635,812</u> |

| | <u>Total Revenue</u> | <u>Total Expenditures</u> | <u>Fund Balance</u> |
|---|--------------------------|-------------------------------|---------------------|
| Charter Township of Northville - Police Fund: | | | |
| Amounts per operating statement | \$ 7,320,239 | \$ 6,400,651 | \$ 2,749,852 |
| Interfund transfers budgeted as revenue and expenditures | - | 187,978 | - |
| DARE Fund and Special Operations Team Fund activities, reported within the Police Fund in the operating statement, which is not budgeted as part of the Police Fund | <u>(83,482)</u> | <u>(14,278)</u> | <u>(99,064)</u> |
| Amounts per budget statement | <u>\$ 7,236,757</u> | <u>\$ 6,574,351</u> | <u>\$ 2,650,788</u> |

| | <u>Total Revenue</u> | <u>Total Expenditures</u> |
|--|--------------------------|-------------------------------|
| Charter Township of Northville - Fire Fund: | | |
| Amounts per operating statement | \$ 4,316,541 | \$ 4,259,831 |
| Interfund transfers budgeted as revenue and expenditures | - | 375,956 |
| Amounts per budget statement | <u>\$ 4,316,541</u> | <u>\$ 4,635,787</u> |

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Charter Township of Northville had an unfavorable variance of \$72,913 in the Fire Fund expenditures as a result of various expenses incurred in the 2012 budget year instead of 2013.

Other Supplemental Information

Charter Township of Northville

| | Special Revenue Funds | | |
|--|----------------------------|-------------------|---------------------|
| | Community | Youth | Shared |
| | Development Block Grant | Assistance | Services |
| Assets | | | |
| Cash and investments | \$ - | \$ 149,110 | \$ 1,866,677 |
| Receivables: | | | |
| Property taxes | - | - | 391,374 |
| Special assessments | - | - | - |
| Other receivables | - | - | - |
| Prepaid items and other assets | - | 17,697 | - |
| Total assets | \$ - | \$ 166,807 | \$ 2,258,051 |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 1,294 | \$ 12,020 |
| Accrued liabilities and other - Accrued salaries and wages | - | 2,261 | - |
| Total liabilities | - | 3,555 | 12,020 |
| Deferred Inflows of Resources - Deferred revenue | - | - | 806,406 |
| Total liabilities and deferred inflows of resources | - | 3,555 | 818,426 |
| Fund Balances | | | |
| Nonspendable - Prepays | - | 17,697 | - |
| Restricted: | | | |
| Debt service | - | - | - |
| Youth assistance | - | 145,555 | - |
| Parks, recreation, and cultural services | - | - | 1,439,625 |
| Assigned: | | | |
| Debt service | - | - | - |
| Capital projects | - | - | - |
| Total fund balances | - | 163,252 | 1,439,625 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ - | \$ 166,807 | \$ 2,258,051 |

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

| Debt Service Funds | | | | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|--------------------|------------------|--------------------|---------------------------|------------------------|---------------------|-----------------------------------|
| Gerald Avenue | Land Acquisition | Building Authority | Edenderry Paving SAD Fund | General Capital Outlay | | |
| \$ - | \$ 39,306 | \$ 729,088 | \$ 142,693 | \$ 397,778 | \$ 3,324,652 | |
| - | - | - | - | - | 391,374 | |
| - | - | - | 385,163 | 171,731 | 556,894 | |
| - | - | 11,649 | - | - | 11,649 | |
| - | - | - | - | - | 17,697 | |
| \$ - | \$ 39,306 | \$ 740,737 | \$ 527,856 | \$ 569,509 | \$ 4,302,266 | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,314 | |
| - | - | - | - | - | 2,261 | |
| - | - | - | - | - | 15,575 | |
| - | - | - | 385,163 | 171,731 | 1,363,300 | |
| - | - | - | 385,163 | 171,731 | 1,378,875 | |
| - | - | - | - | - | 17,697 | |
| - | - | 740,737 | 142,693 | - | 883,430 | |
| - | - | - | - | - | 145,555 | |
| - | - | - | - | - | 1,439,625 | |
| - | 39,306 | - | - | - | 39,306 | |
| - | - | - | - | 397,778 | 397,778 | |
| - | 39,306 | 740,737 | 142,693 | 397,778 | 2,923,391 | |
| \$ - | \$ 39,306 | \$ 740,737 | \$ 527,856 | \$ 569,509 | \$ 4,302,266 | |

Charter Township of Northville

| | Special Revenue Funds | | |
|--|--------------------------|-------------------|---------------------|
| | Community Development | Youth | Shared Services |
| | Block Grant | Assistance | |
| Revenue | | | |
| Property taxes | \$ - | \$ - | \$ 780,000 |
| Federal sources | 56,623 | - | - |
| State sources | - | 6,533 | - |
| Charges for services | - | - | - |
| Investment income | - | 114 | 3,704 |
| Other revenue | - | 176,589 | 26,462 |
| Total revenue | 56,623 | 183,236 | 810,166 |
| Expenditures | | | |
| Current: | | | |
| Community and economic development | 30,535 | - | - |
| Recreation and culture | - | 200,794 | 1,342,553 |
| Capital outlay | - | - | - |
| Debt service | - | - | - |
| Total expenditures | 30,535 | 200,794 | 1,342,553 |
| Excess of Revenue Over (Under) Expenditures | 26,088 | (17,558) | (532,387) |
| Other Financing Sources (Uses) | | | |
| Face value of debt issue | - | - | - |
| Debt premium or discount | - | - | - |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Payment to bond refunding escrow agent | - | - | - |
| Total other financing (uses) sources | - | - | - |
| Net Change in Fund Balances | 26,088 | (17,558) | (532,387) |
| Fund Balances (Deficit) - Beginning of year | (26,088) | 180,810 | 1,972,012 |
| Fund Balances - End of year | <u>\$ -</u> | <u>\$ 163,252</u> | <u>\$ 1,439,625</u> |

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended December 31, 2012

| Debt Service Funds | | | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|--------------------|------------------|--------------------|---------------------------|------------------------|-----------------------------------|
| Gerald Avenue | Land Acquisition | Building Authority | Edenderry Paving SAD Fund | General Capital Outlay | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 780,000 |
| - | - | - | - | 191,885 | 248,508 |
| - | - | - | - | 10,000 | 16,533 |
| - | - | 313,296 | - | - | 313,296 |
| - | 106 | 652 | 23,481 | 7,623 | 35,680 |
| - | - | - | 34,689 | 21,573 | 259,313 |
| - | 106 | 313,948 | 58,170 | 231,081 | 1,653,330 |
| - | - | - | - | - | 30,535 |
| - | - | - | - | - | 1,543,347 |
| - | - | - | - | 539,304 | 539,304 |
| - | 300,988 | 1,386,036 | 63,747 | - | 1,750,771 |
| - | 300,988 | 1,386,036 | 63,747 | 539,304 | 3,863,957 |
| - | (300,882) | (1,072,088) | (5,577) | (308,223) | (2,210,627) |
| - | - | 9,115,000 | - | - | 9,115,000 |
| - | - | 843,254 | - | - | 843,254 |
| - | 300,150 | 1,127,867 | - | 385,000 | 1,813,017 |
| (311,703) | - | - | - | (300,150) | (611,853) |
| - | - | (9,826,007) | - | - | (9,826,007) |
| (311,703) | 300,150 | 1,260,114 | - | 84,850 | 1,333,411 |
| (311,703) | (732) | 188,026 | (5,577) | (223,373) | (877,216) |
| 311,703 | 40,038 | 552,711 | 148,270 | 621,151 | 3,800,607 |
| <u>\$ -</u> | <u>\$ 39,306</u> | <u>\$ 740,737</u> | <u>\$ 142,693</u> | <u>\$ 397,778</u> | <u>\$ 2,923,391</u> |

Charter Township of Northville

| | Special Revenue Funds | | | | | |
|--|-----------------------------------|-----------------|--|-------------------|-------------------|--|
| | Community Development Block Grant | | | Youth Assistance | | |
| | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Revenue | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal grants | 90,720 | 56,623 | (34,097) | - | - | - |
| State-shared revenue and grants | - | - | - | - | 6,533 | 6,533 |
| Charges for services | - | - | - | - | - | - |
| Investment income | - | - | - | 150 | 114 | (36) |
| Other revenue and transfers | - | - | - | 184,515 | 176,589 | (7,926) |
| Total revenue | 90,720 | 56,623 | (34,097) | 184,665 | 183,236 | (1,429) |
| Expenditures | | | | | | |
| Community and economic development | 90,720 | 30,535 | 60,185 | - | - | - |
| Recreation and culture | - | - | - | 210,317 | 200,794 | 9,523 |
| Debt service | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total expenditures | 90,720 | 30,535 | 60,185 | 210,317 | 200,794 | 9,523 |
| Excess of Revenue Over (Under) Expenditures | - | 26,088 | 26,088 | (25,652) | (17,558) | 8,094 |
| Other Financing Sources (Uses) | | | | | | |
| Face value of debt issue | - | - | - | - | - | - |
| Debt premium or discount | - | - | - | - | - | - |
| Payment to bond refunding escrow agent | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net Change in Fund Balance | - | - | - | - | - | - |
| Fund Balance (Deficit) - Beginning of year | (26,088) | (26,088) | - | 180,810 | 180,810 | - |
| Fund Balance (Deficit) - End of year | \$ (26,088) | \$ - | \$ 26,088 | \$ 155,158 | \$ 163,252 | \$ 8,094 |

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
Year Ended December 31, 2012

| Special Revenue Funds | | | Debt Service Funds | | | | | |
|-----------------------|---------------------|----------------------------------|--------------------|-------------|----------------------------------|------------------|------------------|----------------------------------|
| Shared Services | | | Gerald Avenue | | | Land Acquisition | | |
| Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 782,161 | \$ 780,000 | \$ (2,161) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 3,000 | 3,704 | 704 | - | - | - | 150 | 106 | (44) |
| - | 26,462 | 26,462 | - | - | - | 300,150 | 300,150 | - |
| 785,161 | 810,166 | 25,005 | - | - | - | 300,300 | 300,256 | (44) |
| - | - | - | - | - | - | - | - | - |
| 1,342,552 | 1,342,553 | (1) | - | - | - | 300,063 | 300,988 | (925) |
| - | - | - | - | 311,703 | (311,703) | - | - | - |
| 1,342,552 | 1,342,553 | (1) | - | 311,703 | (311,703) | 300,063 | 300,988 | (925) |
| (557,391) | (532,387) | 25,004 | - | (311,703) | (311,703) | 237 | (732) | (969) |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 1,972,012 | 1,972,012 | - | 311,703 | 311,703 | - | 40,038 | 40,038 | - |
| \$ 1,414,621 | \$ 1,439,625 | \$ 25,004 | \$ 311,703 | \$ - | \$ (311,703) | \$ 40,275 | \$ 39,306 | \$ (969) |

Charter Township of Northville

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2012

| Debt Service Funds | | | | | | Capital Project Fund | | |
|--------------------|-------------------|--|---------------------------|-------------------|--|------------------------|-------------------|--|
| Building Authority | | | Edenderry Paving SAD Fund | | | General Capital Outlay | | |
| Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | 26,086 | 191,885 | 165,799 |
| - | - | - | - | - | - | - | 10,000 | 10,000 |
| - | 313,296 | 313,296 | - | - | - | - | - | - |
| 750 | 652 | (98) | 30,000 | 23,481 | (6,519) | 1,341 | 7,623 | 6,282 |
| 1,441,163 | 1,127,867 | (313,296) | 63,519 | 34,689 | (28,830) | 409,000 | 406,573 | (2,427) |
| 1,441,913 | 1,441,815 | (98) | 93,519 | 58,170 | (35,349) | 436,427 | 616,081 | 179,654 |
| - | - | - | - | - | - | - | - | - |
| 822,831 | 1,386,036 | (563,205) | 63,748 | 63,747 | 1 | 106,829 | 539,304 | (432,475) |
| - | - | - | - | - | - | 300,150 | 300,150 | - |
| 822,831 | 1,386,036 | (563,205) | 63,748 | 63,747 | 1 | 406,979 | 839,454 | (432,475) |
| 619,082 | 55,779 | (563,303) | 29,771 | (5,577) | (35,348) | 29,448 | (223,373) | (252,821) |
| - | 9,115,000 | 9,115,000 | - | - | - | - | - | - |
| - | 843,254 | 843,254 | - | - | - | - | - | - |
| - | (9,826,007) | (9,826,007) | - | - | - | - | - | - |
| - | 132,247 | 132,247 | - | - | - | - | - | - |
| - | 188,026 | 188,026 | - | - | - | - | - | - |
| 552,711 | 552,711 | - | 148,270 | 148,270 | - | 621,151 | 621,151 | - |
| \$ 871,793 | \$ 740,737 | \$ (131,056) | \$ 178,041 | \$ 142,693 | \$ (35,348) | \$ 650,599 | \$ 397,778 | \$ (252,821) |

Charter Township of Northville

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2012

| | Agency Funds | | | Total Agency Funds |
|---|------------------------|---------------------|---------------------|-----------------------|
| | Tax Collection Fund | Agency | Escrow | |
| Assets - Cash and cash equivalents | \$ 5,181,439 | \$ 1,020,537 | \$ 2,161,826 | \$ 8,363,802 |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 2,608 | \$ 15,958 | \$ 18,566 |
| Tax collections distributable | 5,181,439 | - | - | 5,181,439 |
| Bonds and deposits | - | 1,017,929 | 2,145,868 | 3,163,797 |
| Total liabilities | \$ 5,181,439 | \$ 1,020,537 | \$ 2,161,826 | \$ 8,363,802 |

Charter Township of Northville

Schedule of Changes in Agency Funds December 31, 2012

| | Balance at January 1, 2012 | Additions | Reductions | Balance at December 31, 2012 |
|--------------------------------------|-------------------------------|-----------------------|-------------------------|------------------------------------|
| Assets - Cash and investments | \$ 7,837,683 | \$ 139,519,639 | \$ (138,993,520) | \$ 8,363,802 |
| Liabilities | | | | |
| Accounts payable | \$ 9,262 | \$ 564,970 | \$ (555,666) | \$ 18,566 |
| Tax collections distributable | 4,666,434 | 70,578,865 | (70,063,860) | 5,181,439 |
| Bonds and deposits | 3,164,025 | 1,039,675 | (1,039,903) | 3,163,797 |
| Total liabilities | \$ 7,839,721 | \$ 72,183,510 | \$ (71,659,429) | \$ 8,363,802 |

Statistical Section

This part of the Charter Township of Northville's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the Township's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends - These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.
- Revenue capacity - These schedules contain information to help the reader assess the Township's most significant local revenue source, property taxes.
- Debt capacity - These schedules contain information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt.
- Demographic and economic information - These schedules offer demographic economic indicators to help the reader understand the environment within which the Township's financial activities take place.
- Operating information - These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.

Financial Trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Charter Township of Northville

| | December 31 | | | |
|---|----------------------|----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 8,532,814 | \$ 9,417,817 | \$ 10,864,210 | \$ 13,445,433 |
| Restricted | 6,635,939 | 5,264,640 | 6,178,741 | 6,889,077 |
| Unrestricted | 6,432,195 | 8,547,935 | 9,069,439 | 9,418,678 |
| Total governmental activities net position | <u>\$ 21,600,948</u> | <u>\$ 23,230,392</u> | <u>\$ 26,112,390</u> | <u>\$ 29,753,188</u> |
| Business-type Activities | | | | |
| Net investment in capital assets | \$ 45,104,754 | \$ 46,442,978 | \$ 49,966,529 | \$ 50,441,381 |
| Restricted | - | - | - | - |
| Unrestricted | 23,945,052 | 29,820,811 | 33,258,575 | 35,292,772 |
| Total business-type activities net position | <u>\$ 69,049,806</u> | <u>\$ 76,263,789</u> | <u>\$ 83,225,104</u> | <u>\$ 85,734,153</u> |
| Primary Government in Total | | | | |
| Net investment in capital assets | \$ 53,637,568 | \$ 55,860,795 | \$ 60,830,739 | \$ 63,886,814 |
| Restricted | 6,635,939 | 5,264,640 | 6,178,741 | 6,889,077 |
| Unrestricted | 30,377,247 | 38,368,746 | 42,328,014 | 44,711,450 |
| Total primary government net position | <u>\$ 90,650,754</u> | <u>\$ 99,494,181</u> | <u>\$ 109,337,494</u> | <u>\$ 115,487,341</u> |

Source: Township's annual financial statements

Financial Trends
Net Position by Component
(Unaudited)

| December 31 | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| \$ 15,401,190 | \$ 16,465,320 | \$ 15,250,778 | \$ 19,648,586 | \$ 21,854,912 | \$ 23,055,264 |
| 6,994,500 | 7,211,812 | 7,600,151 | 8,798,250 | 6,670,564 | 8,666,302 |
| 10,321,153 | 8,939,876 | 8,516,637 | 6,657,863 | 11,865,805 | 9,927,066 |
| \$ 32,716,843 | \$ 32,617,008 | \$ 31,367,566 | \$ 35,104,699 | \$ 40,391,281 | \$ 41,648,632 |
| | | | | | |
| \$ 49,543,959 | \$ 48,767,000 | \$ 47,888,661 | \$ 46,887,535 | \$ 46,458,045 | \$ 46,350,805 |
| - | - | - | - | - | - |
| 37,623,685 | 37,487,872 | 35,534,909 | 34,553,614 | 34,564,108 | 35,809,582 |
| \$ 87,167,644 | \$ 86,254,872 | \$ 83,423,570 | \$ 81,441,149 | \$ 81,022,153 | \$ 82,160,387 |
| | | | | | |
| \$ 64,945,149 | \$ 65,232,320 | \$ 63,139,439 | \$ 66,536,121 | \$ 68,312,957 | \$ 69,406,069 |
| 6,994,500 | 7,211,812 | 7,600,151 | 8,798,250 | 6,670,564 | 8,666,302 |
| 47,944,838 | 46,427,748 | 44,051,546 | 41,211,477 | 46,429,913 | 45,736,648 |
| \$ 119,884,487 | \$ 118,871,880 | \$ 114,791,136 | \$ 116,545,848 | \$ 121,413,434 | \$ 123,809,019 |

Charter Township of Northville

| | December 31 | | | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,732,212 | \$ 3,194,531 | \$ 2,322,802 | \$ 2,971,812 |
| Public safety: | | | | |
| Police and fire | 5,486,080 | 6,632,940 | 7,618,350 | 8,475,343 |
| Building department | 863,561 | 938,465 | 945,151 | 931,594 |
| Community and economic development | 512,315 | 286,453 | 414,817 | 393,106 |
| Recreation and culture | 1,488,777 | 946,227 | 1,013,105 | 1,343,320 |
| Interest on long-term debt | 833,995 | 733,582 | 809,647 | 915,612 |
| Total governmental activities | 11,916,940 | 12,732,198 | 13,123,872 | 15,030,787 |
| Business-type activities: | | | | |
| Water and sewer | 11,006,123 | 11,085,227 | 12,220,157 | 11,728,353 |
| Solid waste | 732,710 | 795,964 | 915,531 | 1,028,391 |
| Total business-type activities | 11,738,833 | 11,881,191 | 13,135,688 | 12,756,744 |
| Program Revenue | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 404,137 | 458,268 | 851,927 | 601,866 |
| Public safety: | | | | |
| Police and fire | 331,616 | 316,682 | 327,255 | 487,791 |
| Building department | 1,745,175 | 1,643,764 | 1,347,661 | 910,345 |
| Community and economic development | 145,862 | 119,386 | 66,579 | 41,645 |
| Recreation and culture | 108,513 | 147,333 | 6,407 | 4 |
| Operating grants and contributions | 858,588 | 365,833 | 793,547 | 643,545 |
| Capital grants and contributions | 3,233 | 40,138 | 84,182 | 1,843,613 |
| Total governmental activities | 3,597,124 | 3,091,404 | 3,477,558 | 4,528,809 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 6,923,465 | 7,650,061 | 9,323,412 | 8,707,884 |
| Solid waste | 609,400 | 669,480 | 1,016,316 | 1,082,620 |
| Operating grants and contributions | 8,559,171 | 8,450,664 | 6,112,685 | 3,353,724 |
| Capital grants and contributions | 3,440,200 | 1,977,340 | 3,059,568 | 600,210 |
| Total business-type activities | 19,532,236 | 18,747,545 | 19,511,981 | 13,744,438 |
| Total program revenue | 23,129,360 | 21,838,949 | 22,989,539 | 18,273,247 |
| Net (Expense) Revenue | | | | |
| Governmental activities | (8,319,816) | (9,640,794) | (9,646,314) | (10,501,978) |
| Business-type activities | 7,793,403 | 6,866,354 | 6,376,293 | 987,694 |
| Total net expense | (526,413) | (2,774,440) | (3,270,021) | (9,514,284) |

Financial Trends

Changes in Governmental and Business-type Net Position
(Unaudited)

| December 31 | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| \$ 2,678,955 | \$ 3,738,047 | \$ 4,639,368 | \$ 4,004,606 | \$ 2,046,634 | \$ 3,493,755 | |
| 9,614,413 | 10,345,758 | 10,169,722 | 10,689,100 | 8,553,942 | 10,734,926 | |
| 898,056 | 834,378 | 700,734 | 447,318 | 370,979 | 491,918 | |
| 336,423 | 399,671 | 418,448 | 264,475 | 220,606 | 195,707 | |
| 1,580,297 | 1,923,676 | 1,554,766 | 1,395,161 | 2,475,283 | 1,989,540 | |
| 697,494 | 683,335 | 1,243,164 | 1,501,131 | 1,630,883 | 1,485,959 | |
| 15,805,638 | 17,924,865 | 18,726,202 | 18,301,791 | 15,298,327 | 18,391,805 | |
| 12,683,067 | 14,226,522 | 13,391,348 | 12,852,479 | 13,398,252 | 13,998,826 | |
| 1,095,782 | 1,185,965 | 1,217,156 | 1,238,403 | 1,047,325 | 1,273,154 | |
| 13,778,849 | 15,412,487 | 14,608,504 | 14,090,882 | 14,445,577 | 15,271,980 | |
| 540,487 | 520,469 | 1,721,876 | 649,747 | 1,132,659 | 870,261 | |
| 570,697 | 727,992 | 578,392 | 1,009,987 | 1,231,599 | 475,819 | |
| 680,111 | 819,443 | 378,456 | 688,833 | 748,445 | 1,062,979 | |
| 45,208 | 34,945 | 14,320 | 10,201 | 7,388 | 34,171 | |
| 6,000 | 115,388 | 95,473 | 169,192 | 207,152 | 140,731 | |
| 349,679 | 397,606 | 476,167 | 396,584 | 354,108 | 352,870 | |
| 29,242 | - | 194,586 | 4,078,833 | 1,105,462 | 2,061,160 | |
| 2,221,424 | 2,615,843 | 3,459,270 | 7,003,377 | 4,786,813 | 4,997,991 | |
| 10,266,714 | 9,922,292 | 9,134,727 | 9,372,655 | 10,291,344 | 12,289,757 | |
| 1,124,396 | 1,152,172 | 1,169,980 | 1,183,980 | 1,200,640 | 1,221,220 | |
| 1,549,807 | 1,879,681 | 677,585 | 1,107,566 | 2,171,519 | 320,675 | |
| 654,605 | 360,990 | 580,838 | 338,217 | 48,923 | 2,742,609 | |
| 13,595,522 | 13,315,135 | 11,563,130 | 12,002,418 | 13,712,426 | 16,574,261 | |
| 15,816,946 | 15,930,978 | 15,022,400 | 19,005,795 | 18,499,239 | 21,572,252 | |
| (13,584,214) | (15,309,022) | (15,266,932) | (11,298,414) | (10,511,514) | (13,393,814) | |
| (183,327) | (2,097,352) | (3,045,374) | (2,088,464) | (733,151) | 1,302,281 | |
| (13,767,541) | (17,406,374) | (18,312,306) | (13,386,878) | (11,244,665) | (12,091,533) | |

Charter Township of Northville

| | December 31 | | | |
|---------------------------------------|----------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 |
| General Revenue | | | | |
| Property taxes | \$ 8,435,172 | \$ 9,503,319 | \$ 10,617,171 | \$ 11,587,657 |
| State-shared revenue | 1,554,018 | 1,484,897 | 1,466,422 | 1,454,282 |
| Unrestricted interest earnings | 349,948 | 322,400 | 509,571 | 1,109,590 |
| Gain (loss) on sale of capital assets | 4,724 | (40,378) | (86,089) | (51,226) |
| Miscellaneous | 375,000 | - | 21,237 | 42,473 |
| Total general revenue | <u>10,718,862</u> | <u>11,270,238</u> | <u>12,528,312</u> | <u>14,142,776</u> |
| Business-type activities: | | | | |
| Unrestricted investment earnings | 300,047 | 347,629 | 606,259 | 1,563,828 |
| Loss on sale of capital assets | - | - | - | - |
| Transfers out | (375,000) | - | (21,237) | (42,473) |
| Total business-type activities | <u>(74,953)</u> | <u>347,629</u> | <u>585,022</u> | <u>1,521,355</u> |
| Change in Net Position | | | | |
| Governmental activities | 2,399,046 | 1,629,444 | 2,881,998 | 3,640,798 |
| Business-type activities | <u>7,718,450</u> | <u>7,213,983</u> | <u>6,961,315</u> | <u>2,509,049</u> |
| Total change in net position | <u>\$ 10,117,496</u> | <u>\$ 8,843,427</u> | <u>\$ 9,843,313</u> | <u>\$ 6,149,847</u> |

Financial Trends

Changes in Governmental and Business-type Net Position
(Unaudited) (Continued)

| December 31 | | | | | | |
|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|--|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| \$ 12,193,135 | \$ 13,058,573 | \$ 12,510,856 | \$ 13,470,603 | \$ 12,455,833 | \$ 12,135,482 | |
| 1,468,024 | 1,429,285 | 1,259,930 | 1,318,976 | 2,283,885 | 2,077,884 | |
| 1,308,717 | 636,533 | 181,676 | 115,141 | 124,472 | 86,826 | |
| 1,377,993 | 44,796 | 25,028 | 6,258 | 323,222 | 2,646 | |
| 200,000 | 40,000 | 40,000 | 124,569 | 610,684 | 348,327 | |
| <u>16,547,869</u> | <u>15,209,187</u> | <u>14,017,490</u> | <u>15,035,547</u> | <u>15,798,096</u> | <u>14,651,165</u> | |
| 1,816,818 | 1,224,580 | 254,072 | 385,681 | 628,701 | 149,249 | |
| - | - | - | (156,194) | - | - | |
| <u>(200,000)</u> | <u>(40,000)</u> | <u>(40,000)</u> | <u>(123,444)</u> | <u>(314,546)</u> | <u>(313,296)</u> | |
| <u>1,616,818</u> | <u>1,184,580</u> | <u>214,072</u> | <u>106,043</u> | <u>314,155</u> | <u>(164,047)</u> | |
| 2,963,655 | (99,835) | (1,249,442) | 3,737,133 | 5,286,582 | 1,257,351 | |
| <u>1,433,491</u> | <u>(912,772)</u> | <u>(2,831,302)</u> | <u>(1,982,421)</u> | <u>(418,996)</u> | <u>1,138,234</u> | |
| \$ 4,397,146 | \$ (1,012,607) | \$ (4,080,744) | \$ 1,754,712 | \$ 4,867,586 | \$ 2,395,585 | |

Charter Township of Northville

| | Year Ended December 31 | | | |
|---|------------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| General Fund | | | | |
| Reserved | \$ 419,272 | \$ 2,115,580 | \$ 2,115,386 | \$ 1,868,867 |
| Unreserved | 4,297,629 | 1,060,510 | 1,508,319 | 1,719,649 |
| Nonspendable: | | | | |
| Prepays | - | - | - | - |
| Long-term receivable | - | - | - | - |
| Restricted - Contributions and donations | - | - | - | - |
| Unassigned | - | - | - | - |
| Total General Fund | 4,716,901 | 3,176,090 | 3,623,705 | 3,588,516 |
| All Other Governmental Funds | | | | |
| Reserved | - | - | - | - |
| Unreserved, reported in: | | | | |
| Special revenue funds | 7,331,158 | 6,878,969 | 8,021,404 | 9,573,429 |
| Capital project funds | 10,363,733 | 2,301,798 | 1,714,260 | 1,376,843 |
| Debt service funds | 235,389 | 247,154 | 293,544 | 292,453 |
| Nonspendable | | | | |
| Prepays | - | - | - | - |
| Long-term receivable | - | - | - | - |
| Restricted: | | | | |
| Parks, recreation, and cultural services | - | - | - | - |
| Debt service | - | - | - | - |
| Youth assistance | - | - | - | - |
| Donation | - | - | - | - |
| Police and fire operations | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned (deficit) | - | - | - | - |
| Total all other governmental funds | 17,930,280 | 9,427,921 | 10,029,208 | 11,242,725 |
| Total | \$ 22,647,181 | \$ 12,604,011 | \$ 13,652,913 | \$ 14,831,241 |

Source: Township's annual financial statements

Note: For the year ended December 31, 2011, the Township implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, which required changes in how governmental fund balance is reported. For the purpose of this schedule, the Township did not restate prior year fund balances.

Financial Trends
Fund Balances - Governmental Funds - Last Ten Years
(Unaudited)

| | | Year Ended December 31 | | | | | | | |
|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|--|
| 2007 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | | |
| \$ 1,037,182 | \$ 454,025 | \$ 1,868,867 | \$ 1,640,915 | \$ 1,534,658 | \$ 1,446,400 | \$ - | \$ - | | |
| 10,577,595 | 10,059,345 | 1,550,265 | 1,682,168 | 977,430 | 835,619 | - | - | | |
| - | - | - | - | - | - | 45,024 | 47,588 | | |
| - | - | - | - | - | - | 1,303,142 | 1,159,884 | | |
| - | - | - | - | - | - | - | 5,000 | | |
| - | - | - | - | - | - | 3,127,521 | 4,429,642 | | |
| 11,614,777 | 10,513,370 | 3,419,132 | 3,323,083 | 2,512,088 | 2,282,019 | 4,475,687 | 5,642,114 | | |
| 7,660,714 | 6,731,963 | - | 225,000 | - | - | - | - | | |
| - | - | 10,669,581 | 10,394,806 | 8,643,033 | 8,075,987 | - | - | | |
| - | - | 1,405,323 | - | - | - | - | - | | |
| - | - | 369,343 | 887,793 | 1,080,975 | 1,495,640 | - | - | | |
| - | - | - | - | - | - | 181,051 | 65,285 | | |
| - | - | - | - | - | - | 1,303,142 | 1,159,884 | | |
| - | - | - | - | - | - | 1,972,012 | 1,439,625 | | |
| - | - | - | - | - | - | 959,569 | 1,360,894 | | |
| - | - | - | - | - | - | 169,860 | 145,555 | | |
| - | - | - | - | - | - | - | 5,000 | | |
| - | - | - | - | - | - | 3,013,779 | 5,124,736 | | |
| - | - | - | - | - | - | 2,786,945 | 437,084 | | |
| - | - | - | - | - | - | 3,101,433 | 4,429,642 | | |
| 7,660,714 | 6,731,963 | 12,444,247 | 11,507,599 | 9,724,008 | 9,571,627 | 13,487,791 | 14,167,705 | | |
| \$ 19,275,491 | \$ 17,245,333 | \$ 15,863,379 | \$ 14,830,682 | \$ 12,236,096 | \$ 11,853,646 | \$ 17,963,478 | \$ 19,809,819 | | |

Charter Township of Northville

| | Year Ended December 31 | | | |
|--|------------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Revenue | | | | |
| Property taxes | \$ 8,435,172 | \$ 9,503,319 | \$ 10,617,171 | \$ 11,587,657 |
| Licenses, permits, and charges for services | 1,745,175 | 1,643,764 | 1,347,661 | 910,345 |
| Federal grants | 578,376 | 156,337 | 236,558 | 499,408 |
| State sources | 1,593,735 | 1,475,327 | 1,492,577 | 1,464,219 |
| Local sources | 3,233 | 25,920 | 52,225 | 51,863 |
| Fines and forfeitures | 195,413 | 183,391 | 250,556 | 275,826 |
| Interest income | - | - | - | - |
| Proceeds from sale of land | - | - | - | - |
| Other revenue | 1,271,427 | 1,479,814 | 1,751,646 | 2,342,037 |
| Total revenue | 13,822,531 | 14,467,872 | 15,748,394 | 17,131,355 |
| Expenditures | | | | |
| Current services: | | | | |
| Legislative | 1,031,620 | 1,432,674 | 1,252,278 | 998,737 |
| Clerk | 210,125 | 341,885 | 318,882 | 537,608 |
| Treasurer | 730,886 | 760,364 | 815,611 | 886,776 |
| Constables | 1,511 | - | - | - |
| Police department | 3,803,054 | 4,476,427 | 5,270,612 | 5,661,169 |
| Fire department | 1,635,915 | 1,836,212 | 2,273,000 | 2,888,024 |
| Building department | 802,231 | 907,834 | 870,518 | 858,659 |
| Planning and zoning | 244,805 | 263,729 | 302,943 | 309,208 |
| Shared services | 1,500,542 | 4,629,727 | 1,401,452 | 1,550,175 |
| Community development programs | 267,510 | 22,724 | 111,874 | 83,898 |
| Other | - | - | - | - |
| Capital outlay | 7,562,592 | 8,587,849 | 590,630 | 392,709 |
| Debt service | 1,035,778 | 1,251,617 | 1,512,929 | 1,923,537 |
| Total expenditures | 18,826,569 | 24,511,042 | 14,720,729 | 16,090,500 |
| Excess of Revenue (Under) Over Expenditures | (5,004,038) | (10,043,170) | 1,027,665 | 1,040,855 |
| Other Financing (Uses) Sources | | | | |
| Payment to refunded bond escrow agent | - | - | - | (2,550,000) |
| Debt premium | - | - | - | - |
| Proceeds from issuance of debt | 15,000,000 | - | - | 2,645,000 |
| Proceeds from sale of assets | - | - | - | - |
| Transfers in | 5,240,653 | 2,891,543 | 2,442,024 | 3,063,703 |
| Transfers out | (4,865,653) | (2,891,543) | (2,420,787) | (3,021,230) |
| Total other financing sources | 15,375,000 | - | 21,237 | 137,473 |
| Net Change in Fund Balances | 10,370,962 | (10,043,170) | 1,048,902 | 1,178,328 |
| Fund Balances - Beginning of year | 12,276,219 | 22,647,181 | 12,604,011 | 13,652,913 |
| Fund Balances - End of year | \$ 22,647,181 | \$ 12,604,011 | \$ 13,652,913 | \$ 14,831,241 |
| Debt Service as a Percentage of Noncapital Expenditures | 9.2% | 7.9% | 10.7% | 12.3% |

Source: Township's annual financial statements

Financial Trends
Changes in Fund Balances - Governmental Funds
(Unaudited)

| | | Year Ended December 31 | | | | | | | | | |
|-----------|--------------------------|------------------------|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|--------------------------|-----------|--------------------------|
| | | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | | | | |
| \$ | 12,193,135 | \$ | 13,058,573 | \$ | 12,510,856 | \$ | 13,470,603 | \$ | 12,455,833 | \$ | 12,135,482 |
| | 680,111 | | 819,443 | | 378,456 | | 688,833 | | 748,445 | | 1,062,979 |
| | 163,810 | | 172,221 | | 391,171 | | 203,337 | | 484,758 | | 2,211,091 |
| | 1,447,049 | | 1,437,321 | | 1,505,441 | | 4,918,976 | | 2,600,131 | | 2,157,804 |
| | 26,450 | | - | | - | | - | | - | | - |
| | 254,739 | | 425,927 | | 195,468 | | 314,475 | | 327,666 | | 196,471 |
| | - | | 636,533 | | 181,676 | | 115,141 | | 124,472 | | 86,826 |
| | 1,997,000 | | - | | - | | - | | - | | - |
| | 2,465,039 | | 1,087,160 | | 1,822,921 | | 1,663,157 | | 3,516,229 | | 2,139,410 |
| | <u>19,227,333</u> | | <u>17,637,178</u> | | <u>16,985,989</u> | | <u>21,374,522</u> | | <u>20,257,534</u> | | <u>19,990,063</u> |
| | 1,275,798 | | 1,962,825 | | 2,748,318 | | 1,360,266 | | 1,372,569 | | 1,615,843 |
| | 354,618 | | 458,476 | | 365,539 | | 354,736 | | 360,165 | | 438,753 |
| | 918,435 | | 969,488 | | 1,014,326 | | 977,899 | | 1,061,269 | | 984,656 |
| | - | | - | | - | | - | | - | | - |
| | 5,914,714 | | 6,877,919 | | 8,067,776 | | 5,895,996 | | 6,104,468 | | 6,400,651 |
| | 3,336,674 | | 3,600,602 | | 3,391,803 | | 3,684,062 | | 3,548,206 | | 4,259,831 |
| | 836,152 | | 791,898 | | 726,608 | | 381,263 | | 431,065 | | 482,455 |
| | 226,540 | | 253,182 | | 250,290 | | 226,262 | | 159,760 | | 165,172 |
| | 1,637,625 | | 1,887,159 | | 1,519,979 | | 1,348,685 | | 1,054,694 | | 1,543,347 |
| | 109,883 | | 146,489 | | 168,158 | | 38,213 | | 60,846 | | 30,535 |
| | - | | 258,620 | | 551,340 | | 613,047 | | - | | - |
| | 2,300,480 | | 55,081 | | 21,682,558 | | 4,053,575 | | 1,394,769 | | 539,304 |
| | 1,484,276 | | 1,492,932 | | 1,793,908 | | 2,965,565 | | 3,394,527 | | 3,295,616 |
| | <u>18,395,195</u> | | <u>18,754,671</u> | | <u>42,280,603</u> | | <u>21,899,569</u> | | <u>18,942,338</u> | | <u>19,756,163</u> |
| | 832,138 | | (1,117,493) | | (25,294,614) | | (525,047) | | 1,315,196 | | 233,900 |
| | - | | - | | - | | - | | - | | (9,826,007) |
| | - | | - | | - | | - | | - | | 843,254 |
| | - | | - | | 22,635,000 | | - | | - | | 9,115,000 |
| | - | | 44,796 | | 25,028 | | 19,153 | | 4,403 | | 471 |
| | 3,122,396 | | 4,156,643 | | 2,425,300 | | 1,476,636 | | 1,655,001 | | 2,438,016 |
| | <u>(2,922,396)</u> | | <u>(4,116,643)</u> | | <u>(2,385,300)</u> | | <u>(1,353,192)</u> | | <u>(1,340,455)</u> | | <u>(2,124,720)</u> |
| | <u>200,000</u> | | <u>84,796</u> | | <u>22,700,028</u> | | <u>142,597</u> | | <u>318,949</u> | | <u>446,014</u> |
| | 1,032,138 | | (1,032,697) | | (2,594,586) | | (382,450) | | 1,634,145 | | 679,914 |
| | <u>14,831,241</u> | | <u>15,863,379</u> | | <u>14,830,682</u> | | <u>12,236,096</u> | | <u>11,853,646</u> | | <u>13,487,791</u> |
| \$ | <u>15,863,379</u> | \$ | <u>14,830,682</u> | \$ | <u>12,236,096</u> | \$ | <u>11,853,646</u> | \$ | <u>13,487,791</u> | \$ | <u>14,167,705</u> |
| | 9.2% | | 8.0% | | 8.7% | | 16.6% | | 19.3% | | 17.1% |

Revenue Capacity

These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

Charter Township of Northville

Taxable Value by Property Type

Real Property

| Tax Year | Fiscal Year | Residential | Commercial | Industrial | Developmental | Agricultural |
|----------|-------------|------------------|----------------|---------------|---------------|--------------|
| 2002 | 2003 | \$ 1,023,300,884 | \$ 137,335,721 | \$ 36,874,448 | \$ - | \$ 7,750,395 |
| 2003 | 2004 | 1,167,836,382 | 140,762,035 | 40,160,851 | - | 7,866,650 |
| 2004 | 2005 | 1,344,504,543 | 148,560,458 | 40,330,498 | - | 8,047,582 |
| 2005 | 2006 | 1,504,180,566 | 158,143,167 | 39,630,851 | - | 8,232,676 |
| 2006 | 2007 | 1,687,345,336 | 166,705,987 | 41,157,518 | - | - |
| 2007 | 2008 | 1,797,362,073 | 172,864,946 | 46,568,949 | - | - |
| 2008 | 2009 | 1,752,680,796 | 180,793,004 | 45,982,087 | - | - |
| 2009 | 2010 | 1,590,462,754 | 186,223,550 | 41,786,213 | 5,219,999 | - |
| 2010 | 2011 | 1,462,915,210 | 180,442,756 | 36,570,012 | 3,086,924 | - |
| 2011 | 2012 | 1,424,964,550 | 180,692,481 | 39,321,526 | 1,523,677 | - |

Note: Under Michigan law, the revenue base is taxable value.

Source: Assessor's records

**Revenue Capacity
Taxable Value of Township Property
(Unaudited)**

Taxable Value by Property Type

| Personal Property | Total Taxable Value | Tax Rate (Mills) | State Equalized Value (SEV) | Taxable Value as a Percent of SEV |
|-------------------|---------------------|------------------|-----------------------------|-----------------------------------|
| \$ 48,848,364 | \$ 1,254,109,812 | 6.7842 | \$ 1,493,315,300 | 83.98% |
| 44,588,726 | 1,401,214,644 | 6.7578 | 1,709,609,876 | 81.96% |
| 46,439,442 | 1,587,882,523 | 6.6271 | 1,888,120,907 | 84.10% |
| 45,697,490 | 1,755,884,750 | 6.5882 | 2,051,770,547 | 85.58% |
| 44,507,800 | 1,939,716,641 | 6.2574 | 2,254,275,696 | 86.05% |
| 56,234,500 | 2,073,030,468 | 6.2574 | 2,356,196,789 | 87.98% |
| 57,023,435 | 2,036,479,322 | 6.2574 | 2,227,724,000 | 91.42% |
| 62,341,407 | 1,886,033,923 | 7.2235 | 2,006,440,913 | 94.00% |
| 59,111,188 | 1,742,126,090 | 7.1674 | 1,817,740,850 | 95.84% |
| 63,512,823 | 1,710,015,057 | 7.1574 | 1,764,076,740 | 96.94% |

Charter Township of Northville

Northville Township

| Tax Year | Fiscal Year | Operating | Operating* | Public Safety* | Park Development | Shared Services* | Debt Service | Total |
|----------|-------------|-----------|------------|----------------|------------------|------------------|--------------|--------|
| 2002 | 2003 | 0.7028 | - | 4.8110 | 0.7164 | 0.5540 | - | 6.7842 |
| 2003 | 2004 | 0.6967 | - | 4.7749 | 0.7364 | 0.5498 | - | 6.7578 |
| 2004 | 2005 | 0.6888 | - | 4.7156 | 0.6798 | 0.5429 | - | 6.6271 |
| 2005 | 2006 | 0.6825 | - | 4.6722 | 0.6956 | 0.5379 | - | 6.5882 |
| 2006 | 2007 | 0.6824 | - | 4.7000 | - | 0.8750 | - | 6.2574 |
| 2007 | 2008 | 0.6824 | - | 4.7000 | - | 0.8750 | - | 6.2574 |
| 2008 | 2009 | 0.6824 | - | 4.7000 | - | 0.8750 | - | 6.2574 |
| 2009 | 2010 | 0.6824 | - | 4.7000 | - | 0.8750 | 0.9661 | 7.2235 |
| 2010 | 2011 | 0.6824 | 0.1176 | 5.0000 | - | 0.4574 | 0.9100 | 7.1674 |
| 2011 | 2012 | 0.6824 | 0.1176 | 5.0000 | - | 0.4574 | 0.9000 | 7.1574 |

Note: All rates are expressed in dollars per \$1,000 of taxable value

Source: Township Treasury Department records

* Voted millages

Revenue Capacity
Tax Rate History of Direct and Overlapping Governments
(Unaudited)

Overlapping Government

Northville Schools

| | | Northville | | Wayne | | Huron Clinton | | Total All | | Total All |
|-----------|---------------|------------------|--------------|-------------|---------------------|---------------|-----------------|-----------------|-------------------------|-----------------------------|
| Homestead | Non-Homestead | District Library | Wayne County | County RESA | Schoolcraft College | Zoo Authority | Metro Authority | State Education | Jurisdictions Homestead | Jurisdictions Non-Homestead |
| 4.7800 | 22.7800 | 1.2259 | 7.8220 | 3.4643 | 1.8043 | - | 0.2170 | 6.0000 | 32.0977 | 50.0977 |
| 4.7500 | 22.7500 | 1.1985 | 7.8220 | 3.4643 | 1.8024 | - | 0.2161 | 5.0000 | 31.0111 | 49.0111 |
| 5.2200 | 23.2200 | 1.1745 | 7.8220 | 3.4643 | 1.7967 | - | 0.2154 | 6.0000 | 32.3200 | 50.3200 |
| 4.9500 | 22.9500 | 1.1558 | 7.8220 | 3.4643 | 1.7967 | - | 0.2146 | 6.0000 | 31.9916 | 49.9916 |
| 4.4000 | 22.4000 | 1.1145 | 7.8220 | 3.4643 | 1.7967 | - | 0.2146 | 6.0000 | 31.0695 | 49.0695 |
| 4.2400 | 22.2400 | 1.1553 | 7.8220 | 3.4643 | 1.7967 | - | 0.2146 | 6.0000 | 30.9503 | 48.9503 |
| 3.9000 | 21.9000 | 1.1361 | 7.8220 | 3.4643 | 1.7967 | 0.1000 | 0.2146 | 6.0000 | 30.6911 | 48.6911 |
| 3.9000 | 21.9000 | 1.1562 | 7.8220 | 3.4643 | 1.7967 | 0.1000 | 0.2146 | 6.0000 | 31.6773 | 49.6773 |
| 4.5000 | 22.5000 | 1.3665 | 7.8220 | 3.4643 | 1.7967 | 0.1000 | 0.2146 | 6.0000 | 32.4315 | 50.4315 |
| 5.5000 | 23.5000 | 1.3935 | 7.8220 | 3.4643 | 1.7967 | 0.1000 | 0.2146 | 6.0000 | 33.4485 | 51.4485 |

Charter Township of Northville

Revenue Capacity Principal Taxpayers Current Year and Nine Years Ago (Unaudited)

| Taxpayer | 2011 Taxable Value | Percentage of Total | 2011 Rank | 2002 Taxable Value | Percentage of Total | 2002 Rank |
|---------------------------------------|-------------------------|------------------------|--------------|-------------------------|------------------------|--------------|
| Wilson Park Place, LLC | \$ 19,587,802 | 1.15% | 1 | \$ - | - | |
| Consumers Energy | 16,053,600 | 0.94% | 2 | 8,177,118 | 0.65% | 5 |
| DTE Energy | 14,797,761 | 0.87% | 3 | 7,367,507 | 0.59% | 8 |
| ZF Technologies | 14,238,200 | 0.83% | 4 | - | - | |
| Meijer Inc. - Property Tax Department | 9,123,554 | 0.53% | 5 | 7,928,405 | 0.63% | 6 |
| Kings Mill Cooperative | 8,644,057 | 0.51% | 6 | 7,019,351 | 0.56% | 9 |
| Michigan-Maybury State Park | 8,518,867 | 0.50% | 7 | 7,750,395 | 0.62% | 7 |
| IAV Automotive Engineering | 7,480,861 | 0.44% | 8 | - | - | |
| Hayes - Lemmerz International | 7,415,659 | 0.43% | 9 | 12,986,027 | 1.04% | 3 |
| Innsbrook, LLC | 6,465,700 | 0.38% | 10 | - | - | |
| Hidden Coves Estates, LLC | - | - | | 6,123,888 | 0.49% | 10 |
| Toll Brothers Northville Limited PNP | - | - | | 25,320,361 | 2.02% | 1 |
| Park Place Apartments | - | - | | 15,912,558 | 1.27% | 2 |
| Pulte Land Development Corporation | - | - | | 9,003,244 | 0.72% | 4 |
| Total | \$ 112,326,061 | 6.58% | | \$ 107,588,854 | 8.59% | |
| Source: Assessor's records | | | | | | |
| Total taxable value for each year | \$ 1,710,015,057 | 6.57% | | \$ 1,254,109,812 | 8.58% | |

Charter Township of Northville

Revenue Capacity General Fund Governmental Revenue by Function Last Ten Fiscal Years

| Tax Year | Fiscal Year | Total Tax Levy | Collections to March 1 of Following Year | Percent of Levy Collected | Delinquent Collections | Total Tax Collections | Percent of Total Collections to Tax Levy |
|----------|-------------|----------------|--|---------------------------|------------------------|-----------------------|--|
| 2002 | 2003 | \$ 8,431,418 | \$ 7,760,151 | 92.04 | \$ 313,096 | \$ 8,073,247 | 95.75% |
| 2003 | 2004 | 9,464,082 | 9,026,788 | 95.38 | 408,792 | 9,435,580 | 99.70% |
| 2004 | 2005 | 10,529,661 | 10,167,796 | 96.56 | 326,709 | 10,494,505 | 99.67% |
| 2005 | 2006 | 11,604,923 | 11,209,514 | 96.59 | 334,712 | 11,544,226 | 99.48% |
| 2006 | 2007 | 12,197,804 | 11,750,654 | 96.33 | 424,620 | 12,175,274 | 99.82% |
| 2007 | 2008 | 13,039,577 | 12,424,059 | 95.28 | 505,501 | 12,929,560 | 99.16% |
| 2008 | 2009 | 12,707,701 | 12,148,857 | 95.60 | 488,797 | 12,637,654 | 99.45% |
| 2009 | 2010 | 11,865,702 | 11,381,096 | 95.92 | 293,170 | 11,674,266 | 98.39% |
| 2010 | 2011 | 12,144,940 | 11,765,494 | 96.88 | 342,539 | 12,108,033 | 99.70% |
| 2011 | 2012 | 12,269,725 | 11,850,278 | 96.58 | 235,814 | 12,086,092 | 98.50% |

Note: Tax levy and collection information does not include special assessments.

Source: Township Treasury Department records

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

Charter Township of Northville

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | |
| General obligation bonds (1) | \$ 18,165,000 | \$ 18,045,000 | \$ 17,675,000 | \$ 17,120,000 | \$ 16,410,000 |
| Installment purchase agreements | 1,033,738 | 755,012 | 442,809 | 131,357 | 67,324 |
| Special assessment bonds | 120,000 | 105,000 | 90,000 | 75,000 | 60,000 |
| Total | 19,318,738 | 18,905,012 | 18,207,809 | 17,326,357 | 16,537,324 |
| Business-type Activities | | | | | |
| General obligation bonds | - | - | - | - | - |
| Special assessment bonds | 680,000 | 345,000 | 15,000 | - | - |
| Capital improvement bonds | - | - | - | - | 5,000,000 |
| State Revolving Loan Fund | - | - | - | - | - |
| Total | 680,000 | 345,000 | 15,000 | - | 5,000,000 |
| Total debt of the government | \$ 19,998,738 | \$ 19,250,012 | \$ 18,222,809 | \$ 17,326,357 | \$ 21,537,324 |
| Total taxable value | \$1,254,109,812 | \$1,401,214,644 | \$1,587,882,523 | \$1,755,884,750 | \$1,939,716,641 |
| Ratio of total debt to taxable value | 1.59% | 1.37% | 1.15% | 0.99% | 1.11% |
| Total population * | 24,304 | 24,581 | 25,674 | 26,430 | 26,533 |
| Total debt per capita | \$ 823 | \$ 783 | \$ 710 | \$ 656 | \$ 812 |

* Population estimate information obtained from the Southeast Michigan Council of Governments: www.semco.org

(1) Less deferred amount on refunding

Note: Personal income information is not available

Source: Township's annual financial statements

**Debt Capacity
Ratios of Outstanding Debt
(Unaudited)**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------|-------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 15,695,000 | \$ 36,935,000 | \$ 35,390,000 | \$ 33,670,000 | \$ 32,468,254 |
| | - | - | - | - | - |
| | <u>40,000</u> | <u>645,000</u> | <u>595,000</u> | <u>565,000</u> | <u>525,000</u> |
| | 15,735,000 | 37,580,000 | 35,985,000 | 34,235,000 | 32,993,254 |
| | - | 1,125,000 | 1,125,000 | 1,100,000 | 1,075,000 |
| | - | - | - | - | - |
| | 4,900,000 | 4,800,000 | 4,700,000 | 4,600,000 | 4,400,000 |
| | - | - | - | - | 48,291 |
| | <u>4,900,000</u> | <u>5,925,000</u> | <u>5,825,000</u> | <u>5,700,000</u> | <u>5,523,291</u> |
| \$ | 20,635,000 | \$ 43,505,000 | \$ 41,810,000 | \$ 39,935,000 | \$ 38,516,545 |
| \$ | 2,073,030,468 | \$ 2,036,479,322 | \$ 1,886,033,923 | \$ 1,742,126,090 | \$ 1,710,015,057 |
| | 1.00% | 2.14% | 2.22% | 2.29% | 2.25% |
| | 26,879 | 26,969 | 28,497 | 29,057 | 29,514 |
| \$ | 768 | \$ 1,613 | \$ 1,467 | \$ 1,374 | \$ 1,305 |

Charter Township of Northville

Debt Capacity Ratios of General Bonded Debt Outstanding (Unaudited)

| Fiscal Year | Tax - Limited | | Less Amounts | | Debt as a | | Population (2) | Debt per Capita |
|-------------|---------------------------------------|-------------------------------|---------------------------------------|---------------|------------------|--------------------------------|----------------|--------------------|
| | General Obligation Bonds (LTGO) | Tax Supported Bonds (UTGO) | Available in Debt Service Fund (1) | Total | Taxable Value | Percentage of Taxable Value | | |
| 2003 | \$ 18,165,000 | \$ - | \$ 235,389 | \$ 17,929,611 | \$ 1,254,109,812 | 1.43 | 24,304 | 738 |
| 2004 | 18,045,000 | - | 247,154 | 17,797,846 | 1,401,214,644 | 1.27 | 24,581 | 724 |
| 2005 | 17,675,000 | - | 293,544 | 17,381,456 | 1,587,882,523 | 1.09 | 25,674 | 677 |
| 2006 | 17,120,000 | - | 292,453 | 16,827,547 | 1,755,884,750 | 0.96 | 26,430 | 637 |
| 2007 | 16,410,000 | - | 369,343 | 16,040,657 | 1,939,716,641 | 0.83 | 26,533 | 605 |
| 2008 | 15,695,000 | - | 887,793 | 14,807,207 | 2,073,030,468 | 0.71 | 26,879 | 551 |
| 2009 | 16,050,000 | 22,010,000 | 1,080,975 | 36,979,025 | 2,036,479,322 | 1.82 | 26,969 | 1,371 |
| 2010 | 15,235,000 | 21,280,000 | 1,495,640 | 35,019,360 | 1,886,033,923 | 1.86 | 28,497 | 1,229 |
| 2011 | 14,250,000 | 20,520,000 | 959,569 | 33,810,431 | 1,742,126,090 | 1.94 | 29,057 | 1,164 |
| 2012 | 13,768,254 | 19,775,000 | 1,400,200 | 32,143,054 | 1,710,015,057 | 1.88 | 29,514 | 1,089 |

Note: Details regarding the Township's outstanding debt can be found in the notes to the financial statements and the schedule of indebtedness.

(1) This is the amount restricted for debt service principal payments

(2) Population estimate information obtained from the Southeast Michigan Council of Governments: www.semco.org

Source: Township's Treasury records

Charter Township of Northville

Debt Capacity Direct and Overlapping Debt (Unaudited)

| Governmental Unit | Debt Outstanding | Estimated Percent Applicable (2) | Estimated Share of Overlapping Debt |
|-----------------------------------|---------------------|--|--|
| Northville School District | \$ 60,305,000 | 66.41 | \$ 40,048,551 |
| Plymouth-Canton District | 176,393,000 | 2.68 | 4,727,332 |
| Wayne County | 350,096,248 | 4.31 | 15,089,148 |
| Northville District Library | 1,260,000 | 84.27 | <u>1,061,802</u> |
| Total overlapping debt | | | 60,926,833 |
| Direct Township debt (1) | | | <u>37,991,545</u> |
| Total direct and overlapping debt | | | <u>\$ 98,918,378</u> |

(1) Amount does not include special assessment obligations and is net of deferred amount of refundings.

(2) Percent obtained from Municipal Advisory Council of Michigan

Source: Various taxing authorities

Charter Township of Northville

| | 2003 | 2004 | 2005 |
|---|------------------------------|------------------------------|------------------------------|
| Calculation of Debt Limit | | | |
| State equalized valuation (2) | \$ 1,493,315,300 | \$ 1,709,609,876 | \$ 1,888,120,907 |
| Assessed value equivalent of Act 198 exemptions (1) | <u>-</u> | <u>813,700</u> | <u>2,527,800</u> |
| Debt limit (10% of SEV) | 149,331,530 | 171,042,358 | 189,064,871 |
| Calculation of Debt Subject to Limit | | | |
| Total debt | 19,998,738 | 19,250,012 | 18,222,809 |
| Less special assessment bonds | <u>800,000</u> | <u>450,000</u> | <u>105,000</u> |
| Net debt subject to limit | <u>19,198,738</u> | <u>18,800,012</u> | <u>18,117,809</u> |
| Legal debt margin | <u>\$ 130,132,792</u> | <u>\$ 152,242,346</u> | <u>\$ 170,947,062</u> |
| Net Debt Subject to Limit as Percent of Debt Limit | 12.86% | 10.99% | 9.58% |

(1) Assessed value changes in prior years as a result of Michigan tax tribunal case

(2) Debt limit is calculated based on prior tax year SEV

Source: Township's Treasury Department records

Act 279, Public Acts of Michigan, 1909, as amended, provides that the net indebtedness of the City shall not exceed 10% of all assessed real and personal property in the Township plus assessed value equivalent of Act 198 specific tax levies.

Bonds which are not included in the computation of legal debt margin according to said Act 279 are:

- (a) Special assessment bonds
- (b) Mortgage bonds
- (c) Michigan Transportation Fund bonds and notes
- (d) Revenue bonds
- (e) Bonds issued, or contract or assessment obligations incurred, to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction
- (f) Bonds issued, or contract or assessment obligations incurred, for water supply, sewerage, drainage, or refuse disposal projects necessary to protect the public health by abating pollution
- (g) Bonds issued, or contract or assessment obligations incurred, for the construction, improvement, or replacement of a combined sewer overflow abatement facility
- (h) Bonds issued to pay premiums or establish self-insurance contracts in accordance with Act 34, Public Acts of Michigan, 2001, as amended

**Debt Capacity
Legal Debt Margin
(Unaudited)**

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| \$ 2,051,770,547 | \$ 2,254,275,696 | \$ 2,356,196,789 | \$ 2,227,724,000 | \$ 2,006,440,913 | \$ 1,817,740,850 | \$ 1,764,076,740 |
| <u>10,767,900</u> | <u>11,218,800</u> | <u>8,575,600</u> | <u>6,337,100</u> | <u>14,741,622</u> | <u>19,349,700</u> | <u>13,197,500</u> |
| 206,253,845 | 226,549,450 | 236,477,239 | 223,406,110 | 202,118,254 | 183,709,055 | 177,727,424 |
| 17,326,357 | 21,537,324 | 20,635,000 | 43,505,000 | 41,810,000 | 39,935,000 | 38,516,545 |
| <u>75,000</u> | <u>60,000</u> | <u>40,000</u> | <u>645,000</u> | <u>595,000</u> | <u>565,000</u> | <u>525,000</u> |
| <u>17,251,357</u> | <u>21,477,324</u> | <u>20,595,000</u> | <u>42,860,000</u> | <u>41,215,000</u> | <u>39,370,000</u> | <u>37,991,545</u> |
| <u>\$ 189,002,488</u> | <u>\$ 205,072,126</u> | <u>\$ 215,882,239</u> | <u>\$ 180,546,110</u> | <u>\$ 160,903,254</u> | <u>\$ 144,339,055</u> | <u>\$ 139,735,879</u> |
| 8.36% | 9.48% | 8.71% | 19.18% | 20.39% | 21.43% | 21.38% |

Charter Township of Northville

Pledged Revenue Last Ten Fiscal Years (Unaudited)

| Fiscal Year | Special Assessment Bonds | | | |
|-------------|-----------------------------------|-----------|----------|----------|
| | Debt Service | | | |
| | Special Assessment Collections | Principal | Interest | Coverage |
| 2003 | \$ 36,529 | \$ 15,000 | \$ 7,330 | 0.16% |
| 2004 | 35,521 | 15,000 | 7,784 | 0.16% |
| 2005 | 39,349 | 15,000 | 7,832 | 0.17% |
| 2006 | 42,212 | 15,000 | 6,381 | 0.20% |
| 2007 | 51,095 | 15,000 | 5,526 | 0.25% |
| 2008 | 36,137 | 20,000 | 4,135 | 0.15% |
| 2009 | 458,871 | 20,000 | 9,817 | 1.54% |
| 2010 | 138,996 | 50,000 | 28,703 | 0.18% |
| 2011 | 97,221 | 30,000 | 25,498 | 0.18% |
| 2012 | 58,171 | 40,000 | 23,748 | 0.09% |

Source: Township's annual financial statements

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Charter Township of Northville

Demographic and Economic Information Demographic and Economic Statistics (Unaudited)

| Fiscal Year | Population | Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate |
|-------------|------------|--------------------------------------|-------------------------------|-------------------|
| 2003 | \$ 24,304 | * | * | 1.75 |
| 2004 | 24,581 | * | * | 1.50 |
| 2005 | 25,674 | * | * | 1.85 |
| 2006 | 26,430 | * | * | 1.75 |
| 2007 | 26,533 | * | * | 1.75 |
| 2008 | 26,879 | * | * | 1.75 |
| 2009 | 26,969 | * | * | 2.75 |
| 2010 | 28,497 | * | * | 3.25 |
| 2011 | 29,057 | * | * | 2.50 |
| 2012 | 29,514 | * | * | 2.25 |

* Not available

Sources: Southeast Michigan Council of Governments

Michigan Department of Labor and Economic Growth

U.S. Bureau of the Census

U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Charter Township of Northville

Demographic and Economic Information Principal Employers (Unaudited)

| <u>Employer</u> | <u>2012 Employees</u> | <u>2007 Employees (1)</u> |
|-------------------------------|---------------------------|-------------------------------|
| 1 Meijer, Inc. | 750 * | 750 |
| 2 ZF Group North American | 300 | 400 |
| 3 Hayes Lemmerz International | 175 | 175 |
| 4 Kohl's | 135 | 135 |

* Includes part-time and seasonal

Charter Township of Northville

Demographic and Economic Information Full-time Equivalent Government Employees (Unaudited)

| Function/Program | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Manager's office | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Treasurer department * | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6.5 | 6.5 |
| Human resources | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Information technology | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | 2 | 1 |
| Clerk's department | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Police department | 46 | 47 | 49 | 51 | 53 | 53 | 47 | 47 | 47 | 43 |
| Fire department | 17 | 18 | 18 | 23 | 30 | 30 | 27 | 27 | 28 | 28 |
| Building department * | 6 | 8 | 8 | 10 | 7 | 7 | 7 | 4 | 3.5 | 4.0 |
| Department of Public Services | 16 | 16 | 18 | 17 | 19 | 19 | 19 | 19 | 18 | 18 |
| Planning department * | 3 | 3 | 3 | 4 | 3 | 3 | 3 | 3 | 2 | 2 |
| Youth assistance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | <u>103</u> | <u>107</u> | <u>111</u> | <u>120</u> | <u>128</u> | <u>128</u> | <u>118</u> | <u>114</u> | <u>114</u> | <u>109</u> |

* Planning and treasurer each share one employee with building department.

Police department includes dispatch.

Source: Township's human resources records

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.

Charter Township of Northville

| Function/Program | 2003 | 2004 | 2005 | 2006 |
|----------------------|--------------|--------------|-------------|--------------|
| Clerk's | | | | |
| Election data | No elections | | | 2/28/2006 |
| Registered voters | | | | 16,511 |
| Voters at polls | | | | 2,651 |
| Absentee ballots | | | | 1,792 |
| Percent voting | | | | 27.00% |
| Election data | | | | 5-2-06 Sch. |
| Registered voters | | | | 18,813 |
| Voters at polls | | | | 733 |
| Absentee ballots | | | | 1,492 |
| Percent voting | | | | 12.00% |
| Election data | | 8-3-04 Prim | 8-2-05 Sch. | 8-8-06 Prim |
| Registered voters | | 18,233 | 18,171 | 19,021 |
| Voters at polls | | 1,050 | 408 | 2,449 |
| Absentee ballots | | 1,735 | 1,693 | 2,414 |
| Percent voting | | 15.00% | 12.00% | 26.00% |
| Election data | | 11-2-04 Gen. | 11-8-05 Sch | 11-7-06 Gen. |
| Registered voters | | 19,285 | 16,414 | 19,532 |
| Voters at polls | | 9,790 | 1,427 | 8,870 |
| Absentee ballots | | 5,151 | 1,635 | 3,953 |
| Percent voting | | 77.00% | 19.00% | 66.00% |

Operating Information
Operating Indicators
(Unaudited)

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------|-------------|--------------|--------------|--------------|-------------|
| | 1-15-08 PP | | | | 2-28-12 PP |
| | 19,745 | | | | 21,665 |
| | 1,459 | | | | 3,117 |
| | 4,260 | | | | 2,676 |
| | 29.00% | | | | 27.00% |
| 5-8-07 Sch. | | | | 5-3-11 Sch. | |
| 19,543 | | | | 19,305 | |
| 764 | | | | 1,799 | |
| 1,549 | | | | 2,121 | |
| 12.00% | | | | 20.00% | |
| | 8-5-08 Prim | 8-4-09 Spec. | 8-3-10 Prim | | 8-7-12 Prim |
| | 20,261 | 20,379 | 20,904 | | 22,047 |
| | 2,953 | 3,127 | 4,092 | | 3,284 |
| | 2,630 | 2,844 | 3,027 | | 3,326 |
| | 28.00% | 29.00% | 34.00% | | 30.00% |
| | 11-4-08 Gen | 11-3-09 Sch. | 11-2-10 Gen. | 11-8-11 Sch. | 11-6-12 Gen |
| | 20,756 | 20,579 | 21,212 | 21,571 | 22,560 |
| | 10,290 | 701 | 8,149 | 1,841 | 10,427 |
| | 6,477 | 2,451 | 4,396 | 2,368 | 6,993 |
| | 81% | 15.00% | 34.00% | 19.00% | 83.00% |

Charter Township of Northville

| Function/Program | 2003 | 2004 | 2005 | 2006 |
|--|-----------|-----------|-----------|-----------|
| Election Data | | | | |
| Registered voters | | | | |
| Voters at polls | | | | |
| Absentee ballots | | | | |
| Percent voting | | | | |
| Water and Sewer | | | | |
| Customers | | | | |
| Residential | 5,616 | 6,144 | 6,334 | 6,788 |
| Commercial | 1,031 | 955 | 991 | 1,029 |
| Water (in thousand gallons) | | | | |
| Purchased from Detroit | 1,191,175 | 1,169,254 | 1,368,635 | 1,220,883 |
| Sold to residents | 1,023,571 | 1,092,530 | 1,238,045 | 1,155,062 |
| Rates | | | | |
| Flat rate sewer (min. 25,000 gals (2)) | \$ 72.25 | \$ 78.75 | \$ 83.00 | \$ 86.00 |
| Water rate per 1,000 gallons | \$ 3.06 | \$ 3.36 | \$ 3.60 | \$ 3.73 |
| Sewer rate per 1,000 gallons | \$ 2.89 | \$ 3.15 | \$ 3.32 | \$ 3.44 |
| Police | | | | |
| Crime data for 2012: | | | | |
| Part A crimes | 948 | 941 | 841 | 936 |
| Part B crimes | 608 | 633 | 367 | 318 |
| Traffic crashes involving fatalities | 2 | - | - | - |
| Traffic crashes involving injuries | 97 | 90 | 98 | 122 |
| Property damage crashes | 399 | 388 | 409 | 419 |
| Parking violations | 179 | 213 | 251 | 143 |
| Moving traffic violations | 3,966 | 5,445 | 5,034 | 5,654 |
| Adult arrests | - | - | - | - |
| Juvenile arrests | - | - | - | - |
| OUIL arrests | 160 | 158 | 106 | 119 |
| False alarms | - | - | - | - |
| Fire | | | | |
| Total fire calls | 1,619 | 1,764 | 1,941 | 2,146 |
| Fire incidents (actual fires with something burning) | 47 | 47 | 38 | 46 |
| Service incidents | 497 | 542 | 533 | 605 |
| Fire inspections conducted | - | - | - | - |
| Paid on-call staff | - | - | - | - |

Operating Information
Operating Indicators
(Unaudited) (Continued)

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
|------|-----------|-----------|-----------|-----------|--------------|-----------|
| | | | | | 9-5-12 Spec. | |
| | | | | | 22,119 | |
| | | | | | 578 | |
| | | | | | 2,022 | |
| | | | | | 12.00% | |
| | | | | | | |
| | 6,883 | 6,979 | 7,004 | 7,109 | 7,200 | 7,332 |
| | 1,047 | 1,059 | 1,060 | 1,061 | 1,055 | 1,059 |
| | 1,369,911 | 1,300,041 | 1,242,248 | 1,166,527 | 1,196,646 | 1,305,133 |
| | 1,316,352 | 1,185,099 | 1,052,344 | 1,040,398 | 1,068,677 | 1,223,513 |
| \$ | 90.25 | \$ 94.25 | \$ 98.00 | \$ 103.00 | \$ 109.25 | \$ 114.75 |
| \$ | 3.90 | \$ 4.08 | \$ 4.24 | \$ 4.45 | \$ 4.71 | \$ 4.94 |
| \$ | 3.61 | \$ 3.77 | \$ 3.92 | \$ 4.12 | \$ 4.37 | \$ 4.59 |
| | | | | | | |
| | 781 | 901 | 933 | 880 | 814 | 776 |
| | 215 | 289 | 242 | 285 | 214 | 233 |
| | 3 | - | - | - | 3 | 3 |
| | 107 | 86 | 91 | 82 | 74 | 87 |
| | 392 | 328 | 374 | 353 | 357 | 461 |
| | 159 | 129 | 165 | 126 | 167 | 61 |
| | 5,633 | 5,270 | 5,470 | 4,971 | 4,934 | 4,563 |
| | - | 730 | 644 | 899 | 764 | 817 |
| | - | 42 | 55 | 72 | 55 | 47 |
| | 94 | 130 | 139 | 147 | 72 | 80 |
| | - | - | - | - | 1,164 | 1,273 |
| | | | | | | |
| | 2,066 | 2,054 | 2,136 | 2,334 | 2,307 | 2,334 |
| | | | | | | |
| | 35 | 39 | 50 | 26 | 35 | 46 |
| | 567 | 621 | 502 | 547 | 527 | 524 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |

Charter Township of Northville

| Function/Program | 2003 | 2004 | 2005 | 2006 |
|--|-----------|-----------|-----------|-----------|
| Water and Sewer | | | | |
| Customers: | | | | |
| Residential | 5,616 | 6,144 | 6,334 | 6,788 |
| Commercial | 1,031 | 955 | 991 | 1,029 |
| Water (in thousand gallons): | | | | |
| Purchased from Detroit | 1,191,175 | 1,169,254 | 1,368,635 | 1,220,883 |
| Sold to residents | 1,023,571 | 1,092,530 | 1,238,045 | 1,155,062 |
| Rates | | | | |
| Flat rate sewer (min. 25,000 gals (2)) | \$ 72.25 | \$ 78.75 | \$ 83.00 | \$ 86.00 |
| Water rate per 1,000 gallons | \$ 3.06 | \$ 3.36 | \$ 3.60 | \$ 3.73 |
| Sewer rate per 1,000 gallons | \$ 2.89 | \$ 3.15 | \$ 3.32 | \$ 3.44 |

**Operating Information
Capital Asset Statistics
(Unaudited)**

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 6,883 | 6,979 | 7,004 | 7,109 | 7,200 | 7,332 |
| 1,047 | 1,059 | 1,060 | 1,061 | 1,055 | 1,059 |
| 1,369,911 | 1,300,041 | 1,242,248 | 1,166,527 | 1,196,646 | 1,305,133 |
| 1,316,352 | 1,185,099 | 1,052,344 | 1,040,398 | 1,068,677 | 1,223,513 |
| \$ 90.25 | \$ 94.25 | \$ 98.00 | \$ 103.00 | \$ 109.25 | \$ 114.75 |
| \$ 3.90 | \$ 4.08 | \$ 4.24 | \$ 4.45 | \$ 4.71 | \$ 4.94 |
| \$ 3.61 | \$ 3.77 | \$ 3.92 | \$ 4.12 | \$ 4.37 | \$ 4.59 |

