

2013



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2013

Charter Township of Northville

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
December 31, 2013**

Charter Township of Northville

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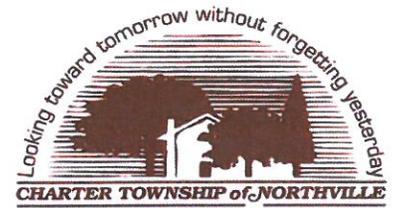
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Charter Township of Northville

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March 20, 2014

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, 2013. 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 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* in the prior year. 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

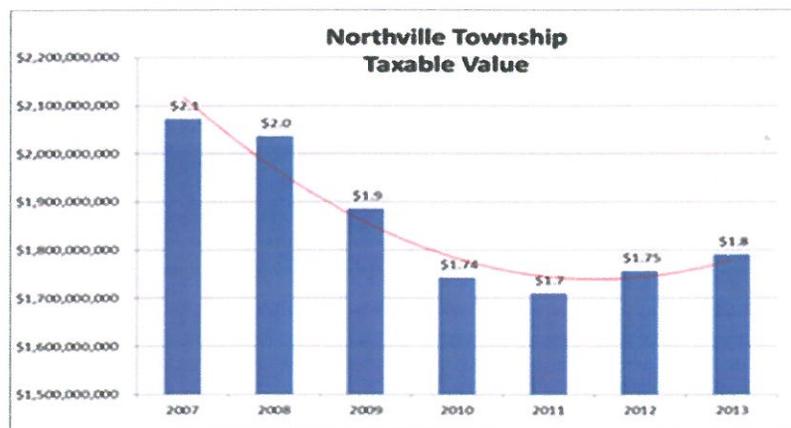
The Township issued Build America Bonds back in 2009 for the purpose of financing the acquisition of the Seven Mile property. At that time, the Township received a direct pay interest credit from the United States Treasury equal to 35% of the annual interest on the bonds. The interest cost for these bonds will now become more expensive given the 7.2% cut in our federal subsidy under the 2014 federal sequestration order. The sequestration reduction rate was applied to debt service payments due after October 1, 2013, and the rate could be subject to further reductions in the future.

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 an extremely strong market value per capita as well as a moderate overall debt burden. In addition, income levels are very strong, at 180% and 174% of the state and national average, respectively. The

2010 Census reports Northville Township's population at 28,497, which represents a 35% increase from the 2000 Census population of 21,036.

Long-term financial planning and major initiatives

One of the largest sources of revenue for the Township remains property taxes. The Township's taxable valuation began to decline in 2008 and lost 13.8% in actual value between 2007 and 2013. This loss has resulted in a \$1.5 million reduction in property tax revenue to fund our public safety operations and an overall loss to the Township of \$2.1 million to fund the 2014 fiscal year. The Township's overall workforce was reduced by 15 full-time positions or 12% since 2008. The 2014 budget plan maintains staffing at this reduced level with 70% of the workforce dedicated to public safety operations.



In 2010, the Board reviewed the budget forecast to determine the necessary funding to continue providing public safety services, parks and recreation, senior and youth programs. The Board then agreed to use monies in reserve and adjust the millage amounts without asking voters for a tax increase. The Township has a public safety millage dedicated specifically for police and fire operations. This millage, along with a general voted and shared services millage, expired in 2013. On August 5th, voters will be asked to approve an increase of 1.250 mills dedicated to support and fund the operations for public safety and 0.300 mills to support the operations of shared services.

The Township also continuously explores options for sharing services with neighboring communities and increasing efficiency of service delivery. Recent examples of collaboration to reduce costs were realized last January when Northville Township partnered with the City of Northville to provide Information Technology (IT) support services to the City. Previously, the City of Northville was contracting out their IT support services using a private firm and recognized the opportunity to reduce costs as well as improve customer service delivery by partnering with Northville's IT expertise.

In addition, since 2004 the City of Northville and Northville Township entered into an intergovernmental dispatch services agreement to transfer both the City's dispatch and lockup services to the Township. Northville Parks and Recreation Commission is a shared service provided through an agreement between the City of Northville and the Charter Township of Northville as well.

Relevant Financial Policies

Included in the 2014 Annual Budget and Financial Plan are the financial policies which set forth the basic framework for the overall fiscal management of the Township. Operating independently of changing economic circumstances and conditions, these policies help the decision making process of the Township Board and administration.

During the current year, the reserve policy was particularly relevant. The Township's fund balance was established to be at least at the Government Finance Officers Association (GFOA) minimum recommended level of 16.7% to cover extraordinary events and contingencies for budgeted expenditures and projects to ensure:

- reserves aren't used for ongoing expenses
- strategic long-term policy decisions are properly identified
- capital improvement projects are carefully planned and funded
- departments are actively engaged in determining demand for services
- flexibility and collaboration when responding to program revenue shortfalls

Awards and Acknowledgements

The GFOA awarded a Certificate of Excellence in Financial Reporting to Northville Township for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the first year that the Township has received this prestigious award.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Charter Township
of Northville, Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

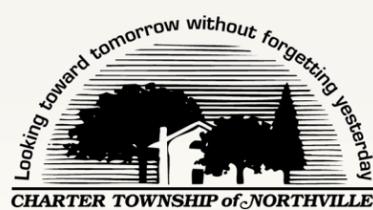
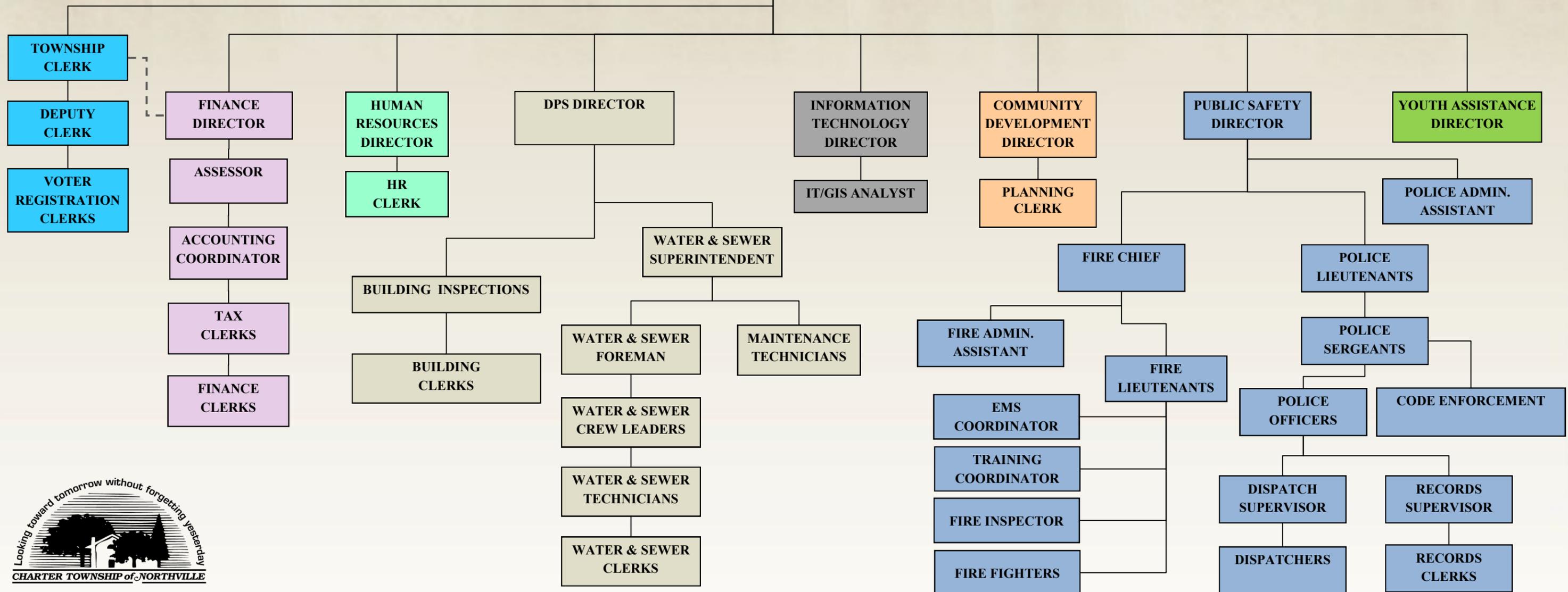
Executive Director/CEO

CHARTER TOWNSHIP OF NORTHVILLE

CITIZENS OF NORTHVILLE TOWNSHIP

BOARD OF TRUSTEES

TOWNSHIP MANAGER



Township of Northville, Michigan
List of Principal Officials
December 31, 2013

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



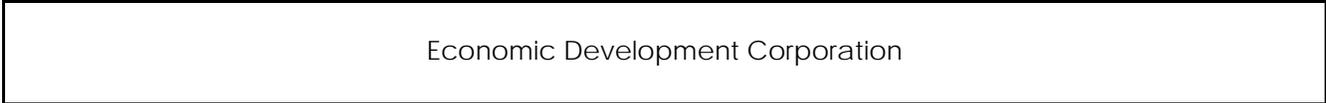
Proprietary Fund - Enterprise Funds



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 (the "Township") as of and for the year ended December 31, 2013 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate fund information of the Charter Township of Northville as of December 31, 2013 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

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedules for the General Fund and each major special revenue fund, pension and OPEB systems schedules, and note to required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 combining and individual fund statements are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2014 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

March 20, 2014

Township of Northville

Management's Discussion and Analysis

The 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, 2013. 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, 2013 by \$123,356,865 (net position). Unrestricted net position related specifically to governmental activities of \$11,884,761 represents the amount that may be used to meet the Township's ongoing obligations without legal restrictions.
- The Township's total net position decreased during the year by \$452,154. Contributing to this decline was the use of \$752,353 in combined Police and Fire Fund reserves to fund public safety operations in addition to the use of \$342,011 in shared services to fund parks and recreation, youth, and senior services which were in line with budget estimates.
- As of December 31, 2013, the Township's governmental funds reported combined ending fund balances of \$14,142,141. Fund balance of the General Fund totaled \$6,757,209 at December 31, 2013, an increase of \$1,115,095 in comparison with the prior year. Of this amount, \$5,752,961 is not restricted as to use.
- The Township's total direct debt of \$37,745,734 was reduced by \$770,811 as of December 31, 2013 and represents approximately 2.15 percent of the Township's 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 the 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").

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.

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.

Governmental Funds - The Township of Northville maintains 12 individual governmental funds. The governmental fund balance sheet and statement of revenues, 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 Fund. These funds are considered major funds as of December 31, 2013. 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.

Township of Northville

Management's Discussion and Analysis (Continued)

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 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.

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.

Township of Northville

Management's Discussion and Analysis (Continued)

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 \$123,356,865 (net position) at the close of December 31, 2013. The following table shows, in a condensed format, the Township's net position as of December 31, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	\$ 28,440,692	\$ 28,116,063	\$ 5,038,345	\$ 7,565,300	\$ 33,479,037	\$ 35,681,363
Noncurrent assets	60,918,787	61,334,118	83,746,813	81,841,130	144,665,600	143,175,248
Total assets	89,359,479	89,450,181	88,785,158	89,406,430	178,144,637	178,856,611
Deferred Outflows of Resources - Bond refunding excess escrow deposit						
	360,906	401,007	-	-	360,906	401,007
Liabilities						
Current liabilities	1,316,332	1,149,506	1,513,159	1,872,901	2,829,491	3,022,407
Long-term liabilities	32,696,627	34,522,551	6,853,105	5,373,142	39,549,732	39,895,693
Total liabilities	34,012,959	35,672,057	8,366,264	7,246,043	42,379,223	42,918,100
Deferred Inflows of Resources - Unearned property tax revenue						
	12,769,455	12,530,499	-	-	12,769,455	12,530,499
Net Position - Net investment in capital assets						
Restricted	6,612,025	8,666,302	-	-	6,612,025	8,666,302
Unrestricted	11,884,761	9,927,066	34,320,753	35,809,582	46,205,514	45,736,648
Total net position	<u>\$ 42,937,971</u>	<u>\$ 41,648,632</u>	<u>\$ 80,418,894</u>	<u>\$ 82,160,387</u>	<u>\$ 123,356,865</u>	<u>\$ 123,809,019</u>

Over 57 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 \$11,884,761 represents the amount that may be used to meet the Township's ongoing obligations, without legal restrictions.

Township of Northville

Management's Discussion and Analysis (Continued)

Changes in Net Position - The Township's total net position decreased by \$452,154 during the year. Contributing to this decrease was the use of \$752,353 in combined Police and Fire Fund reserves to fund public safety operations in addition to the use of \$342,011 in shared services to fund parks and recreation, youth, and senior services. In 2010, the board reviewed the budget forecast to determine the necessary funding to continue providing public safety services, parks and recreation, senior, and youth programs. The board then agreed to use monies in reserve and adjust the millage amounts without asking voters for a tax increase. At current service levels, the Township's public safety reserves are expected to be depleted by 2015 and shared services by 2018. On August 5, voters will be asked to approve an increase of 1.250 mills dedicated to support and fund the operations for public safety and 0.300 mills to support the operations of shared services.

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

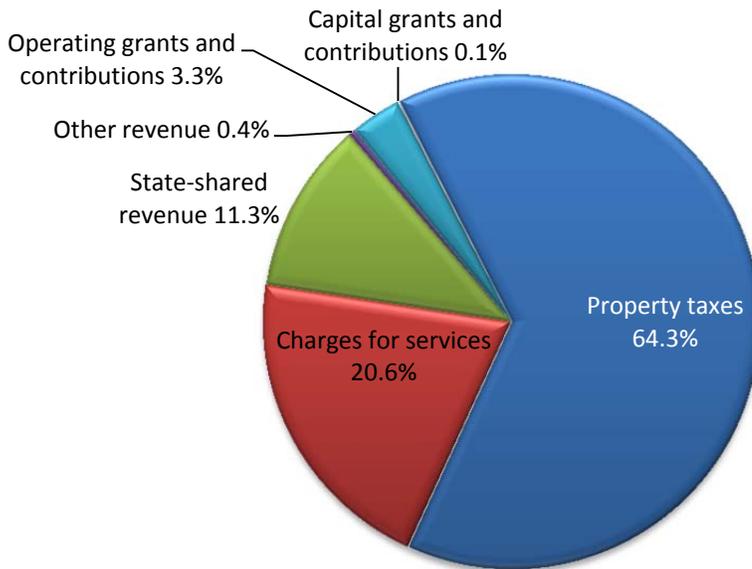
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program revenue:						
Charges for services	\$ 3,868,299	\$ 2,897,257	\$ 11,769,448	\$ 13,510,977	\$ 15,637,747	\$ 16,408,234
Operating grants and contributions	620,958	352,870	-	-	620,958	352,870
Capital grants and contributions	17,451	2,061,160	2,950,146	3,063,284	2,967,597	5,124,444
General revenue:						
Property taxes	12,104,998	12,135,482	-	-	12,104,998	12,135,482
State-shared revenue	2,118,456	2,077,884	-	-	2,118,456	2,077,884
Unrealized (gain) loss on investments	(36,777)	86,826	(831,373)	149,249	(868,150)	236,075
Other miscellaneous income	66,034	35,031	-	-	66,034	35,031
Gain on sale of fixed assets	54,514	2,646	-	-	54,514	2,646
Total revenue	18,813,933	19,649,156	13,888,221	16,723,510	32,702,154	36,372,666
Expenses						
General government	2,653,730	3,493,755	-	-	2,653,730	3,493,755
Public safety:						
Police and fire	11,108,991	10,734,926	-	-	11,108,991	10,734,926
Building department	558,867	491,918	-	-	558,867	491,918
Community and economic development	186,797	195,707	-	-	186,797	195,707
Recreation and culture	1,833,427	1,989,540	-	-	1,833,427	1,989,540
Interest on long-term debt	1,182,782	1,485,959	-	-	1,182,782	1,485,959
Solid waste	-	-	934,679	1,273,154	934,679	1,273,154
Water and sewer	-	-	14,695,035	14,312,122	14,695,035	14,312,122
Total expenses	17,524,594	18,391,805	15,629,714	15,585,276	33,154,308	33,977,081
Change in Net Position	\$ 1,289,339	\$ 1,257,351	\$ (1,741,493)	\$ 1,138,234	\$ (452,154)	\$ 2,395,585

Township of Northville

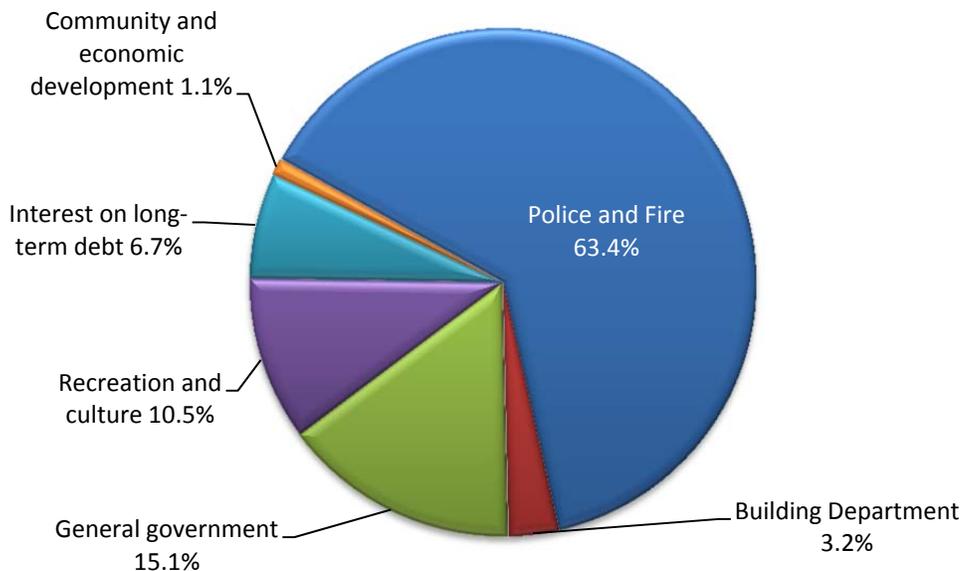
Management's Discussion and Analysis (Continued)

Governmental Activities - Program revenues, which include user fees and charges and restricted operating and capital grants and contributions, represent 20.6 percent of total governmental revenue sources. Program revenues reduce the net cost of the governmental functions to be financed from the Township's general revenues, which are comprised primarily of property taxes and state revenue sharing.

Revenue by Source - Governmental Activities



Expenses by Activity - Governmental Activities



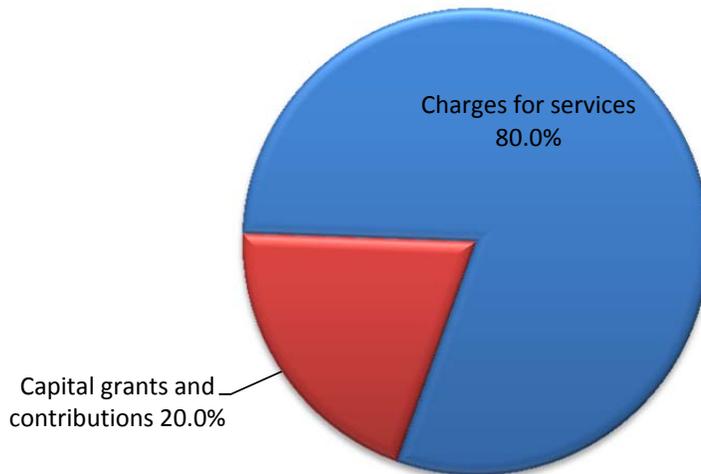
Township of Northville

Management's Discussion and Analysis (Continued)

Business-type Activities - Business-type activities realized a decrease in net position of \$1,741,493. A total of \$728,419 was used to pay for the recent interceptor project to repair leaking joints in the Middle Rouge Valley Interceptor (MRVI) along Haggerty Road between Hines Drive and Joy Road. Much of this 48" diameter interceptor is brick. The MRVI was built in 1961. Closed circuit television inspections revealed numerous significant infiltration points along the interceptor which carries all of Northville Township's flow to the Middle Rouge pump station. This project will cost the Township slightly over \$1 million when completed.

In addition, fears during the year that the federal reserve would begin tapering their bond purchases (Quantitative Easing) pummeled the U.S. bond market during the year, pushing treasury yields to the highest levels since August 2011. This sudden leap in yields caused the "market to market" pricing of existing treasuries within the Township's portfolio to fall and has resulted in an unrealized loss to the Water and Sewer Fund of \$831,373 during the year. This unrealized loss in market value only impacts the Township's investment portfolio if investments are not held to call/maturity. The Township amended its investment policy in January 2013 to limit its exposure to possible declines in future fair market value by controlling duration of maturities.

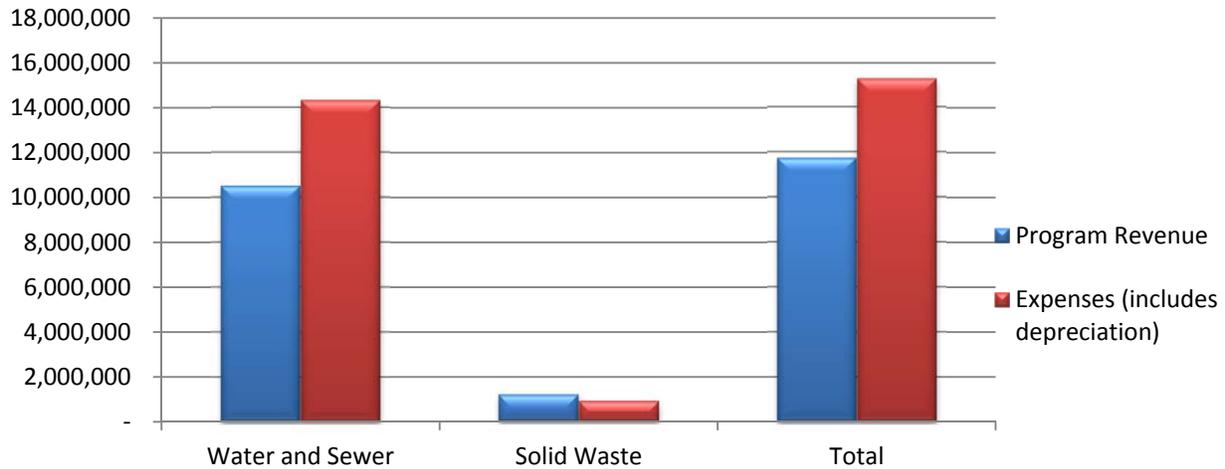
Revenue by Source - Business-type Activities



Township of Northville

Management's Discussion and Analysis (Continued)

Expenses and Program Revenue - Business-type Activities



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, 2013, the governmental funds of the Township reported a combined ending fund balance of \$14,142,141. The majority of this amount, or \$8,389,180, is either not available to spend, restricted, committed, or assigned for specific purposes, which includes police and fire operations, debt service, as well as shared services. Fund balance of the General Fund totaled \$6,757,209 at December 31, 2013, an increase of \$1,115,095 in comparison with the prior year. Of this amount, \$5,752,961 is not restricted as to use.

Proprietary Funds - Business-type activities realized a decrease in net position of \$1,741,493. During the year, \$2.9 million in system-connection related fees and water and sewer lines contributed by developers were recognized in the Water and Sewer Fund.

General Fund Budgetary Highlights

The Township's budget results for the fiscal year ended December 31, 2013 were better than anticipated for the General Fund. In total, revenues outperformed amended budget estimates for the year by \$763,083, primarily 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, 2013, the Township's revenue-sharing payments represent 37 percent of total General Fund revenues or \$2,118,456.

Township of Northville

Management's Discussion and Analysis (Continued)

- Charges for services outperformed estimates by \$427,249 driven by the increase in building permit fee activity for the year.

The Township's General Fund expenditures as of December 31, 2013 were under budget in total by \$308,629 or 6.2 percent. During the year, the Township did incur expenditures that were in excess of the amounts budgeted for the building department by \$11,366.

Public Safety Budgetary Highlights

The Township has a public safety millage dedicated for police and fire operations. The results of operations for 2013 shows ending restricted fund balance allocated for operations of \$292,257 for the Police Fund and \$2,570,604 million for the Fire Fund. In total, fund balance for public safety operations was reduced by \$752,353 during the prior 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, 2013 totals \$107,924,154 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 40,854,856	\$ 40,524,911	\$ -	\$ -	\$ 40,854,856	\$ 40,524,911
Bike paths	1,446,838	1,449,938	-	-	1,446,838	1,449,938
Buildings and improvements	11,779,134	12,328,212	453,573	515,562	12,232,707	12,843,774
Vehicles and equipment	688,581	789,179	787,993	790,886	1,476,574	1,580,065
Furniture and equipment	237,541	380,698	-	-	237,541	380,698
Computer equipment	117,258	174,573	-	-	117,258	174,573
Infrastructure	-	-	50,354,465	49,444,345	50,354,465	49,444,345
Construction in progress	-	-	1,203,915	1,075,012	1,203,915	1,075,012
Total	<u>\$ 55,124,208</u>	<u>\$ 55,647,511</u>	<u>\$ 52,799,946</u>	<u>\$ 51,825,805</u>	<u>\$ 107,924,154</u>	<u>\$ 107,473,316</u>

Additional information on the Township's capital assets can be found in Note 6 of this report.

Township of Northville

Management's Discussion and Analysis (Continued)

Long-term Debt - The following table is a comparison of the summary information for the fiscal years ended December 30, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 29,800,000	\$ 31,625,000	\$ 6,701,805	\$ 5,523,291	\$ 36,501,805	\$ 37,148,291
Special assessment bonds	485,000	525,000	-	-	485,000	525,000
Premium	758,929	843,254	-	-	758,929	843,254
Total bonds payable	31,043,929	32,993,254	6,701,805	5,523,291	37,745,734	38,516,545
Estimated self-insurance claims	140,000	140,000	-	-	140,000	140,000
Accumulated compensated absences	1,512,698	1,389,297	151,300	139,980	1,663,998	1,529,277
Total	<u>\$ 32,696,627</u>	<u>\$ 34,522,551</u>	<u>\$ 6,853,105</u>	<u>\$ 5,663,271</u>	<u>\$ 39,549,732</u>	<u>\$ 40,185,822</u>

Additional information on the Township's long-term debt can be found in Note 8 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) 2014 budget, has General Fund revenue greater than annual operating expenditures for FY 2014. The Public Safety Fund, which in 2014 combines both police and fire as well as special operations, reflects budgeted expenditures in excess of revenues of \$1,204,330 for operations, and a use of drug forfeiture funds of \$60,000 for eligible capital purchases.

The 2013 approved tax millage rate is 7.1074 and remains unchanged from 2012. The Township of Northville employs 113 full-time staff in various capacities. The costs for these employees are budgeted in the General Fund, Public Safety Fund, Youth Assistance, and Water and Sewer Fund.

- The 2014 budget of 113 full-time staff is down 12 percent or 15 positions from 2008.
- The Township's total staffing levels increased from 2012 to 2013 by four positions due to the addition of four full-time firefighters hired under the Assistance to Firefighters Grant Program. This grant extends through 2014.

Requests for Information

This financial report is designed to provide a general overview of the Township of Northville, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the 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 Office directly at 248-662-0490.

Charter Township of Northville

Statement of Net Position December 31, 2013

	Primary Government			Component Unit (EDC)
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 17,883,976	\$ 3,058,849	\$ 20,942,825	\$ 1,103
Receivables:				
Taxes	8,472,441	-	8,472,441	-
Customers	-	1,686,535	1,686,535	-
Accrued interest receivable	-	78,318	78,318	-
Other	99,625	118	99,743	-
Due from other governmental units	1,316,947	-	1,316,947	-
Special assessments (Note 5)	513,214	196,742	709,956	-
Prepays and other assets	154,489	17,783	172,272	-
Cash segregated for capital reserves	-	15,174,805	15,174,805	-
Investment in joint venture (Note 13)	2,809,227	15,339,436	18,148,663	-
Other postemployment benefit asset (Note 12)	2,985,352	432,626	3,417,978	-
Capital assets (Note 6):				
Nondepreciable capital assets	40,854,856	1,203,915	42,058,771	-
Depreciable capital assets - Net	14,269,352	51,596,031	65,865,383	-
Total assets	89,359,479	88,785,158	178,144,637	1,103
Deferred Outflows of Resources - Bond refunding excess escrow deposit	360,906	-	360,906	-
Liabilities				
Accounts payable	594,458	1,217,757	1,812,215	-
Accrued liabilities and other:				
Accrued salaries and wages	421,424	44,888	466,312	-
Accrued interest payable	300,450	46,114	346,564	-
Unearned revenue	-	204,400	204,400	-
Noncurrent liabilities (Note 8):				
Due within one year	2,821,258	389,040	3,210,298	-
Due in more than one year	29,875,369	6,464,065	36,339,434	-
Total liabilities	34,012,959	8,366,264	42,379,223	-
Deferred Inflows of Resources - Property taxes levied for the following year (Note 5)	12,769,455	-	12,769,455	-
Net Position				
Net investment in capital assets	24,441,185	46,098,141	70,539,326	-
Restricted for:				
Drug forfeiture	1,455,089	-	1,455,089	-
Police and fire operations	2,917,294	-	2,917,294	-
Debt service	466,878	-	466,878	-
Contributions and donations	5,125	-	5,125	-
Youth assistance	123,696	-	123,696	-
Shared services	1,097,614	-	1,097,614	-
Edenderry special assessment	513,214	-	513,214	-
Conrad charitable trust	33,115	-	33,115	-
Unrestricted	11,884,761	34,320,753	46,205,514	1,103
Total net position	\$ 42,937,971	\$ 80,418,894	\$ 123,356,865	\$ 1,103

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	\$ 2,653,730	\$ 1,001,559	\$ -	\$ -
Public safety:				
Police and fire	11,108,991	1,321,420	411,773	17,451
Building department	558,867	1,148,249	-	-
Community and economic development	186,797	254,269	13,050	-
Recreation and culture	1,833,427	142,802	196,135	-
Interest on long-term debt	1,182,782	-	-	-
Total governmental activities	17,524,594	3,868,299	620,958	17,451
Business-type activities:				
Water and sewer	14,695,035	10,548,452	-	2,950,146
Solid waste	934,679	1,220,996	-	-
Total business-type activities	15,629,714	11,769,448	-	2,950,146
Total primary government	\$ 33,154,308	\$ 15,637,747	\$ 620,958	\$ 2,967,597
Component unit - Economic Development Corporation	\$ -	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Net investment loss				
Other miscellaneous income				
Gain on sale of capital assets				
Total general revenue (loss)				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2013

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit (EDC)
Governmental Activities	Business-type Activities	Total	
\$ (1,652,171)	\$ -	\$ (1,652,171)	\$ -
(9,358,347)	-	(9,358,347)	-
589,382	-	589,382	-
80,522	-	80,522	-
(1,494,490)	-	(1,494,490)	-
(1,182,782)	-	(1,182,782)	-
(13,017,886)	-	(13,017,886)	-
-	(1,196,437)	(1,196,437)	-
-	286,317	286,317	-
-	(910,120)	(910,120)	-
(13,017,886)	(910,120)	(13,928,006)	-
-	-	-	-
12,104,998	-	12,104,998	-
2,118,456	-	2,118,456	-
(36,777)	(831,373)	(868,150)	-
66,034	-	66,034	-
54,514	-	54,514	-
14,307,225	(831,373)	13,475,852	-
1,289,339	(1,741,493)	(452,154)	-
41,648,632	82,160,387	123,809,019	1,103
\$ 42,937,971	\$ 80,418,894	\$ 123,356,865	\$ 1,103

Charter Township of Northville

Governmental Funds Balance Sheet December 31, 2013

	Seven Mile Road Property					
	General Fund	Police Fund	Fire Fund	Purchase Fund	Nonmajor Funds	Total
Assets						
Cash and investments (Note 3)	\$ 6,064,737	\$ 3,831,008	\$ 4,130,529	\$ 869,247	\$ 2,988,455	\$ 17,883,976
Receivables:						
Taxes	956,398	3,217,368	2,740,721	1,012,889	545,065	8,472,441
Special assessments	20,959	-	-	-	492,255	513,214
Other	262	-	99,363	-	-	99,625
Due from other governmental units	1,316,947	-	-	-	-	1,316,947
Prepays and other assets	59,012	50,629	43,472	-	1,376	154,489
Total assets	\$ 8,418,315	\$ 7,099,005	\$ 7,014,085	\$ 1,882,136	\$ 4,027,151	\$ 28,440,692
Liabilities						
Accounts payable	\$ 99,894	\$ 260,212	\$ 181,688	\$ 21,795	\$ 30,869	\$ 594,458
Accrued salaries and wages	102,939	186,080	129,516	-	2,889	421,424
Total liabilities	202,833	446,292	311,204	21,795	33,758	1,015,882
Deferred Inflows of Resources (Note 5)	1,458,273	4,850,934	4,132,277	1,527,146	1,314,039	13,282,669
Total liabilities and deferred inflows of resources	1,661,106	5,297,226	4,443,481	1,548,941	1,347,797	14,298,551
Fund Balances						
Nonspendable:						
Prepays	39,012	-	-	-	-	39,012
Long-term receivable	960,111	-	-	-	-	960,111
Restricted:						
Drug forfeiture	-	1,455,089	-	-	-	1,455,089
Police and fire operations	-	292,257	2,570,604	-	-	2,862,861
Debt service	-	-	-	333,195	133,683	466,878
Contributions and donations	5,125	-	-	-	-	5,125
Youth assistance	-	-	-	-	123,696	123,696
Parks, recreation, senior, and youth services	-	-	-	-	1,097,614	1,097,614
Conrad charitable trust	-	-	-	-	33,115	33,115
Special operations	-	54,433	-	-	-	54,433
Assigned:						
Debt service	-	-	-	-	779,313	779,313
Capital projects	-	-	-	-	511,933	511,933
Unassigned	5,752,961	-	-	-	-	5,752,961
Total fund balances	6,757,209	1,801,779	2,570,604	333,195	2,679,354	14,142,141
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,418,315	\$ 7,099,005	\$ 7,014,085	\$ 1,882,136	\$ 4,027,151	\$ 28,440,692

Charter Township of Northville

Governmental Funds Reconciliation of the Fund Balances to the Statement of Net Position December 31, 2013

Fund Balance Reported in Governmental Funds	\$ 14,142,141
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	55,124,208
Investments in joint ventures are not financial resources and are not reported in the funds	2,809,227
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	513,214
Bonds payable are not due and payable in the current period and are not reported in the funds	(31,043,929)
Accrued interest is not due and payable in the current period and is not reported in the funds	(300,450)
The excess deposit into the escrow account in connection with the bond refunding is deferred and recognized as a deferred outflow of resources	360,906
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	(1,512,698)
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>2,985,352</u>
Net Position of Governmental Activities	<u>\$ 42,937,971</u>

Charter Township of Northville

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2013

	General Fund	Police Fund	Fire Fund	Seven Mile Road Property Purchase Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 1,429,448	\$ 4,572,562	\$ 3,869,537	\$ 1,469,415	\$ 764,036	\$ 12,104,998
Building department	1,148,249	-	-	-	-	1,148,249
Federal sources	-	164,237	297,435	-	13,050	474,722
State sources	2,118,456	21,086	-	-	7,556	2,147,098
Charges for services	-	-	-	-	180,510	180,510
Net investment income (loss)	6,110	(70,192)	2,035	-	25,270	(36,777)
Licensing and enforcement	-	272,560	-	-	-	272,560
Other revenue	1,080,475	461,102	587,758	-	255,584	2,384,919
Total revenue	5,782,738	5,421,355	4,756,765	1,469,415	1,246,006	18,676,279
Expenditures						
Current:						
General government:						
Legislative	1,275,674	-	-	-	-	1,275,674
Treasurer	987,325	-	-	-	-	987,325
Clerk	354,551	-	-	-	-	354,551
Public safety:						
Police department	-	6,225,928	-	-	-	6,225,928
Fire department	-	-	4,299,760	-	-	4,299,760
Building department	548,026	-	-	-	-	548,026
Community and economic development:						
Community development programs						
Planning and zoning	173,747	-	-	-	13,050	173,747
Recreation and culture	-	-	-	-	1,311,042	1,311,042
Capital outlay	-	-	-	-	491,075	491,075
Debt service	-	-	-	1,613,684	1,482,316	3,096,000
Total expenditures	3,339,323	6,225,928	4,299,760	1,613,684	3,297,483	18,776,178
Excess of Revenue Over (Under) Expenditures	2,443,415	(804,573)	457,005	(144,269)	(2,051,477)	(99,899)
Other Financing Sources (Uses)						
Proceeds from sale of capital assets						
	-	16,700	57,635	-	-	74,335
Transfers in (Note 7)	-	38,352	-	-	2,829,940	2,868,292
Transfers out (Note 7)	(1,328,320)	(198,552)	(318,920)	-	(1,022,500)	(2,868,292)
Total other financing (uses) sources	(1,328,320)	(143,500)	(261,285)	-	1,807,440	74,335
Net Change in Fund Balances	1,115,095	(948,073)	195,720	(144,269)	(244,037)	(25,564)
Fund Balances - Beginning of year	5,642,114	2,749,852	2,374,884	477,464	2,923,391	14,167,705
Fund Balances - End of year	<u>\$ 6,757,209</u>	<u>\$ 1,801,779</u>	<u>\$ 2,570,604</u>	<u>\$ 333,195</u>	<u>\$ 2,679,354</u>	<u>\$ 14,142,141</u>

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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ (25,564)
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	670,379
Depreciation expense	(1,173,861)
Net book value of assets disposed of	(19,821)
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	(59,582)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,865,000
Change in accrued interest payable	48,218
Equity interest in the Northville Parks and Recreation Commission is not reported in the governmental funds	142,722
Net prepayments of retiree healthcare obligations relate to expenditures in future periods and are not reported in the funds	<u>(158,152)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,289,339</u>

Charter Township of Northville

Proprietary Funds - Enterprise Funds Statement of Net Position December 31, 2013

	Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Assets			
Current assets:			
Cash and investments (Note 3)	\$ 2,474,273	\$ 584,576	\$ 3,058,849
Receivables:			
Special assessments	196,742	-	196,742
Customers	1,686,535	-	1,686,535
Accrued interest receivable	78,318	-	78,318
Other	118	-	118
Prepays and other assets	17,783	-	17,783
Total current assets	4,453,769	584,576	5,038,345
Noncurrent assets:			
Cash segregated for capital reserves	15,174,805	-	15,174,805
Advances to other funds (Note 7)	469,872	-	469,872
Investment in joint venture (Note 13)	15,339,436	-	15,339,436
Other postemployment benefit asset	432,626	-	432,626
Capital assets (Note 6):			
Assets not subject to depreciation	1,203,915	-	1,203,915
Assets subject to depreciation	50,935,000	661,031	51,596,031
Total noncurrent assets	83,555,654	661,031	84,216,685
Total assets	88,009,423	1,245,607	89,255,030
Liabilities			
Current liabilities:			
Accounts payable	1,135,146	82,611	1,217,757
Accrued liabilities and other	91,002	-	91,002
Unearned revenue	-	204,400	204,400
Current portion of long-term debt (Note 8)	389,040	-	389,040
Total current liabilities	1,615,188	287,011	1,902,199
Noncurrent liabilities:			
Advances from other funds (Note 7)	-	469,872	469,872
Long-term debt - Net of current portion (Note 8)	6,464,065	-	6,464,065
Total noncurrent liabilities	6,464,065	469,872	6,933,937
Total liabilities	8,079,253	756,883	8,836,136
Net Position			
Net investment in capital assets	45,437,110	661,031	46,098,141
Unrestricted (deficit)	34,493,060	(172,307)	34,320,753
Total net position	<u>\$ 79,930,170</u>	<u>\$ 488,724</u>	<u>\$ 80,418,894</u>

Charter Township of Northville

Proprietary Funds - Enterprise Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2013

	Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Operating Revenue			
Sale of water and sewer services	\$ 10,548,452	\$ -	\$ 10,548,452
Solid waste charges	-	1,220,996	1,220,996
Total operating revenue	10,548,452	1,220,996	11,769,448
Operating Expenses			
Cost of water	4,671,128	-	4,671,128
Cost of sewer disposal	5,243,546	-	5,243,546
Salaries and wages	964,692	-	964,692
Collection and recycling charges	-	851,697	851,697
Fringe benefits	429,628	-	429,628
System maintenance and operations	706,671	-	706,671
General and administrative	752,260	30,100	782,360
Depreciation	1,593,813	52,882	1,646,695
Total operating expenses	14,361,738	934,679	15,296,417
Operating (Loss) Income	(3,813,286)	286,317	(3,526,969)
Nonoperating Expenses			
Net investment loss	(831,373)	-	(831,373)
Interest expense	(265,140)	-	(265,140)
Grant expense	(68,157)	-	(68,157)
Total nonoperating expense	(1,164,670)	-	(1,164,670)
(Loss) Income - Before contributions	(4,977,956)	286,317	(4,691,639)
Capital Contributions			
Collection of connection fees	2,157,826	-	2,157,826
Lines constructed by developers	792,320	-	792,320
Total capital contributions	2,950,146	-	2,950,146
Change in Net Position	(2,027,810)	286,317	(1,741,493)
Net Position - Beginning of year	81,957,980	202,407	82,160,387
Net Position - End of year	\$ 79,930,170	\$ 488,724	\$ 80,418,894

Charter Township of Northville

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2013

	Enterprise Funds	
	Water and Sewer	Solid Waste
Cash Flows from Operating Activities		
Receipts from customers	\$ 10,658,590	\$ 1,219,400
Payments to suppliers	(13,187,552)	(880,939)
Payments to employees	(1,880,497)	-
Other receipts	(118)	-
Other	3,879	-
	(4,405,698)	338,461
Net cash (used in) provided by operating activities		
Cash Flows from Noncapital Financing Activities		
Repayments of loans made to other funds	156,624	-
Repayments of loans from other funds	-	(156,624)
	156,624	(156,624)
Net cash provided by (used in) noncapital financing activities		
Cash Flows from Capital and Related Financing Activities		
Drawdown of State Revolving Fund	1,400,264	-
Special assessment collections	38,292	-
Collection of connection fees	2,157,826	-
Purchase of capital assets	(1,828,516)	-
Principal and interest paid on capital debt	(537,180)	-
	1,230,686	-
Net cash provided by capital and related financing activities		
Cash Flows from Investing Activities - Proceeds from sale and maturities of investment securities	471,953	-
Net (Decrease) Increase in Cash and Investments	(2,546,435)	181,837
Cash and Investments - Beginning of year	5,020,708	402,739
Cash and Investments - End of year	\$ 2,474,273	\$ 584,576
Balance Sheet Classification of Cash and Investments		
Cash and investments	\$ 17,649,078	\$ 584,576
Restricted cash	(15,174,805)	-
	\$ 2,474,273	\$ 584,576
Total cash and cash equivalents		
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities		
Operating (loss) income	\$ (3,813,286)	\$ 286,317
Adjustments to reconcile operating (loss) income to net cash from operating activities:		
Depreciation and amortization	1,593,813	52,882
Changes in assets and liabilities:		
Receivables	110,020	(1,596)
Investments in joint ventures	(2,245,667)	-
Prepays and other assets	20,965	-
Accounts payable	(83,484)	858
Accrued and other liabilities	8,062	-
Other	3,879	-
	\$ (4,405,698)	\$ 338,461
Net cash (used in) provided by operating activities		

Noncash Investing and Financing Activities - During the year ended December 31, 2013, the Water and Sewer Fund received approximately \$792,000 of lines donated by developers. Also, the Water and Sewer Fund had \$68,157 relating to revenues earned as a result of estimated debt forgiveness, adjusted to actual in 2013 (as the related project came in under budget).

Charter Township of Northville

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2013

	<u>Agency Funds</u>
Assets - Cash and investments	<u>\$ 7,198,547</u>
Liabilities	
Accounts payable	\$ 25,595
Tax collections distributable	4,565,482
Bonds and deposits	<u>2,607,470</u>
Total liabilities	<u>\$ 7,198,547</u>

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies

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 council (board). The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Blended Component Units

The Northville Township Building Authority is governed by a three-member board appointed by the Township's board of trustees. Although it is legally separate from the Township, the Building Authority 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.

Discretely Presented Component Units

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's board of trustees.

The Northville Township Brownfield Authority, created in 2007, is governed by a seven-member board that is appointed by the Township board of trustees. The Northville Township Brownfield Authority is legally separate from the Township. The sole purpose of the Northville Township Brownfield Authority is to promote revitalization of environmentally distressed areas within the boundaries of the Township. The Northville Township Brownfield Authority has had no activity to date.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting

The Township accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Township reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to 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.

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following fund as a "major" enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for user charges.

The Township does not have an internal service fund.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include:

- The Tax Collection Fund, which collects taxes on behalf of all the taxing authorities (State, County, School District, and various smaller authorities) and remits the taxes to each authority;
- The Agency and Escrow Funds, which collect deposits of performance guarantees and escrows associated with private development projects, as well as any other amounts held in fiduciary capacity.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Interfund Activity - During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax 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."

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these 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 revenues reported for the various functions concerned.

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.

Specific Balances and Transactions

Cash and Investments - Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (i.e., 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 \$5,000 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.

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

<u>Capital Asset Class</u>	<u>Lives</u>
Bike paths and similar items	15
Water and sewer lines	50-75
Buildings and improvements	25-30
Equipment	5-15
Vehicles	5
Office equipment and furniture	3-5

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 position. Bond premiums and discounts 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 expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The debt service funds are generally used to liquidate governmental long-term debt.

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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A 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.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position and/or balance sheet 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only two types of items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property taxes received in advance of the period levied are reported as deferred inflows of resources in the government-wide statement of net position and governmental funds balance sheet.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (i.e., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Township's board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Township's board of trustees has by resolution authorized the Township manager and finance director to assign fund balance. The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Included in the 2014 Annual Budget and Financial Plan are the financial policies which set forth the basic framework for the overall fiscal management of the Township. Operating independently of changing economic circumstances and conditions, these policies help the decision-making process of the Township board and administration.

During the current year, the reserve policy was particularly relevant. The Township's fund balance was established to be at least at the Government Finance Officers Association (GFOA) minimum recommended level of 16.7 percent to cover extraordinary events and contingencies for budgeted expenditures and projects.

Property Tax Revenue

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 2012 tax is levied and collectible on December 1, 2012 and is recognized as revenue in the year ended December 31, 2013, when the proceeds of the levy are budgeted and available for the financing of operations.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2012 taxable valuation of the Township totaled \$1.7 billion. Taxes were levied as follows:

Purpose	Millage Rate	Approximate Revenue
General operating	0.8000	\$ 1,410,072
Police and fire special voted mills	5.0000	8,778,782
Shared services special voted mills	0.4574	803,024
Debt services special voted mills	0.8500	1,492,343
Total	7.1074	\$ 12,484,221

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.

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation 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.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township's proprietary funds relate to charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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, 2013		\$	(2,390,203)
Current year permit revenue			1,148,249
Related expenses:			
Direct costs	\$	548,027	
Estimated indirect costs		520,654	1,068,681
			<u>79,568</u>
Current year surplus			<u>79,568</u>
Cumulative shortfall at December 31, 2013		\$	<u>(2,310,635)</u>

Note 3 - 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.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 3 - Deposits and Investments (Continued)

The Township has designated two 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.

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 \$27,884,346 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.

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	\$ 11,191,357	7.63
U.S. agency bond	<u>292,140</u>	5.54
Total	<u>\$ 11,483,497</u>	

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 3 - Deposits and Investments (Continued)

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 three 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:

Investment	S&P AAA	S&P AA+	S&P AA	S&P A-1	Not Rated
Primary Government					
U.S. government agency securities	\$ -	\$ 11,191,357	\$ -	\$ -	\$ -
U.S. agency bonds	-	292,140	-	-	-
Bank investment pool	-	-	-	-	1,449,472
Total	\$ -	\$ 11,483,497	\$ -	\$ -	\$ 1,449,472

Note 4 - Cash Segregated for Capital Reserves - Water and Sewer

Segregated assets at December 31, 2013 consist of bank deposits and investments. These assets are segregated by board resolution for replacement of plant, major repairs, acquisition of capacity, and facility expansion.

Note 5 - 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	\$ -	\$ 12,769,455	\$ 12,769,455
Special assessments	513,214	-	513,214
Total	\$ 513,214	\$ 12,769,455	\$ 13,282,669

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 6 - Capital Assets

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

	Balance January 1, 2013	Additions	Disposals	Balance December 31, 2013
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 40,524,911	\$ 329,945	\$ -	\$ 40,854,856
Capital assets being depreciated:				
Bike paths	1,950,563	125,000	-	2,075,563
Buildings and improvements	17,947,098	24,659	-	17,971,757
Vehicles	3,330,879	157,679	459,341	3,029,217
Furniture and equipment	3,143,230	33,096	-	3,176,326
Computer equipment	941,679	-	-	941,679
Subtotal	27,313,449	340,434	459,341	27,194,542
Accumulated depreciation:				
Bike paths	500,625	128,100	-	628,725
Buildings and improvements	5,618,886	573,737	-	6,192,623
Vehicles	2,541,701	238,455	439,520	2,340,636
Furniture and equipment	2,762,532	176,253	-	2,938,785
Computer equipment	767,105	57,316	-	824,421
Subtotal	12,190,849	1,173,861	439,520	12,925,190
Net capital assets being depreciated	15,122,600	(833,427)	19,821	14,269,352
Net capital assets	\$ 55,647,511	\$ (503,482)	\$ 19,821	\$ 55,124,208
Business-type Activities				
Capital assets not being depreciated -				
Construction in progress	\$ 1,075,012	\$ (957,783)	\$ 1,086,686	\$ 1,203,915
Capital assets being depreciated:				
Water and sewer systems	73,317,794	957,783	1,464,982	75,740,559
Solid waste	793,236	-	-	793,236
Buildings and improvements	1,549,787	-	-	1,549,787
Equipment	89,173	-	69,169	158,342
Subtotal	75,749,990	957,783	1,534,151	78,241,924
Accumulated depreciation:				
Water and sewer systems	23,873,451	-	1,512,643	25,386,094
Solid waste	79,324	-	52,882	132,206
Buildings and improvements	1,034,224	-	61,990	1,096,214
Equipment	12,199	-	19,180	31,379
Subtotal	24,999,198	-	1,646,695	26,645,893
Net capital assets being depreciated	50,750,792	957,783	(112,544)	51,596,031
Net capital assets	\$ 51,825,804	\$ -	\$ 974,142	\$ 52,799,946

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 6 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 480,777
Public safety	640,271
Community and economic development	7,538
Recreation and culture	45,275
	<u>1,173,861</u>
Total governmental activities	<u>\$ 1,173,861</u>

Business-type activities:

Water and Sewer Fund	\$ 1,593,813
Solid waste	52,882
	<u>1,646,695</u>
Total business-type activities	<u>\$ 1,646,695</u>

Construction Commitments - The Township has active construction projects as of December 31, 2013. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sanitary lift station improvements	\$ 913,666	\$ 140,214

Note 7 - 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>\$ 469,872</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, 2013, the balance was \$469,872.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 7 - 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	Nonmajor governmental funds	\$ 1,328,320
Police Fund	Nonmajor governmental funds	198,552
Fire Fund	Nonmajor governmental funds	318,920
Nonmajor governmental funds	Police Fund	38,352
	Nonmajor governmental funds	<u>984,148</u>
	Total nonmajor governmental funds	<u>1,022,500</u>
	Total	<u>\$ 2,868,292</u>

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 nonmajor governmental funds represent the use of resources to finance debt service.

The transfers from the nonmajor governmental funds to the Police 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 transfers of unrestricted funds from a capital projects fund and a debt service fund.

Note 8 - 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, 2013

Note 8 - Long-term Debt (Continued)

Description	Amount
Governmental Activities	
<u>General Obligations:</u>	
2006 General Obligation Bonds: Amount of issue - \$2,645,000 Maturing through 2020 Interest rate 3.75% - 4.00%	\$ 1,730,000
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%	810,000
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	29,800,000
<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>485,000</u>
Total governmental activities bonds	<u>\$ 30,285,000</u>

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 8 - Long-term Debt (Continued)

Description	Amount
Business-type Activities	
General Obligations:	
2007 Capital Improvement Bonds:	
Amount of issue - \$5,000,000	
Maturing through 2027	
Interest rate 4.00% - 4.05%	\$ 4,200,000
2009 General Obligation Bonds:	
Amount of issue - \$1,125,000	
Maturity through 2024	
Interest rate 3.25% - 4.50%	1,050,000
Drinking Water Revolving Fund Project #7299-01:	
Amount of issue - \$1,664,907	
Maturing through 2032	
Interest rate of 2.50%	1,451,805
Total business-type activities bonds	<u>\$ 6,701,805</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	\$ 31,625,000	\$ -	\$ 1,825,000	\$ 29,800,000	\$ 1,850,000
Special assessment bonds	525,000	-	40,000	485,000	40,000
Issuance premium	843,254	-	84,325	758,929	-
Total bonds payable	32,993,254	-	1,949,325	31,043,929	1,890,000
Estimated self-insurance claims (Note 9)	140,000	69,558	69,558	140,000	140,000
Accumulated compensated absences	1,389,297	914,663	791,262	1,512,698	791,258
Total governmental activities	<u>\$ 34,522,551</u>	<u>\$ 984,221</u>	<u>\$ 2,810,145</u>	<u>\$ 32,696,627</u>	<u>\$ 2,821,258</u>
Business-type Activities					
General obligation bonds	\$ 5,475,000	\$ -	\$ 225,000	\$ 5,250,000	\$ 250,000
State revolving loan	48,291	1,468,421	64,907	1,451,805	60,000
Total bonds payable	5,523,291	1,468,421	289,907	6,701,805	310,000
Accumulated compensated absences	139,980	90,360	79,040	151,300	79,040
Total business-type activities	<u>\$ 5,663,271</u>	<u>\$ 1,558,781</u>	<u>\$ 368,947</u>	<u>\$ 6,853,105</u>	<u>\$ 389,040</u>

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 8 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$1,500,000. 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
2014	\$ 1,890,000	\$ 1,133,897	\$ 3,023,897	\$ 310,000	\$ 241,207	\$ 551,207
2015	1,980,000	1,090,110	3,070,110	335,000	232,120	567,120
2016	1,980,000	1,028,575	3,008,575	340,000	220,145	560,145
2017	2,120,000	956,725	3,076,725	365,000	207,895	572,895
2018	2,185,000	871,957	3,056,957	465,000	192,520	657,520
2019-2023	11,205,000	3,001,374	14,206,374	2,385,000	696,351	3,081,351
2024-2028	7,295,000	1,137,116	8,432,116	2,130,000	212,701	2,342,701
2029-2032	1,630,000	34,317	1,664,317	371,805	23,555	395,360
Total	\$ 30,285,000	\$ 9,254,071	\$ 39,539,071	\$ 6,701,805	\$ 2,026,494	\$ 8,728,299

* Principal balance excludes the issuance premium of \$758,929.

The Water and Sewer Fund has committed to repay a portion of the 2012 Refunding 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, 2013 is \$874,120.

During the year, the Township completed the drinking water revolving fund project for which the Township has a state revolving loan with an end-of-year balance of \$1,451,805. The project was completed under budget. In accordance with the agreement with the State, only 50 percent of the principal is forgiven; as a result, the Township will be required to repay the State \$68,157. The amount is included in the additions to the state revolving loan.

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, 2013, \$10,845,000 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 \$52,738. In 2013, the Township paid \$40,000 and \$21,647 toward principal and interest, respectively.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 9 - 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.

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>2013</u>	<u>2012</u>
Estimated liability - Beginning of year	\$ 140,000	\$ 160,000
Estimated claims incurred, including changes in estimates	69,558	278,408
Claim payments	<u>(69,558)</u>	<u>(298,408)</u>
Estimated liability - End of year	<u>\$ 140,000</u>	<u>\$ 140,000</u>

Note 10 - 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 all eligible full-time employees of the Township. 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.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 10 - Defined Benefit Pension Plan (Continued)

Funding Policy - The obligation to contribute to and maintain the MERS for these employees was established by negotiation with the Township's collective bargaining units and requires employee contributions of 1 percent to 3 percent from 100 percent of the covered or eligible employees.

Annual Pension Cost - For the year ended December 31, 2013, the Township's annual pension cost of \$1,482,851 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, 2011 using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return and (b) projected salary increases of 4.5 percent to 17.5 percent per year, attributable to seniority/merit. 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 27 years.

Three-year Trend Information

	Fiscal Year Ended December 31		
	2011	2012	2013
Annual pension cost (APC)	\$ 1,403,854	\$ 1,394,476	\$ 1,482,851
Percentage of APC contributed	100 %	100 %	100 %
	Valuation for the Year Ended December 31		
	2010	2011	2012
Actuarial value of assets	\$ 17,066,696	\$ 19,283,928	\$ 21,210,051
Actuarial accrued liability (AAL) (entry age)	\$ 24,110,887	\$ 27,363,897	\$ 30,160,675
Unfunded AAL (UAAL)	\$ 7,044,191	\$ 8,079,969	\$ 8,950,624
Funded ratio	70.8 %	70.5 %	70.3 %
Covered payroll	\$ 7,021,949	\$ 7,069,637	\$ 6,712,188
UAAL as a percentage of covered payroll	100.3 %	114.3 %	133.3 %

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 11 - 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 \$89,241 during the current year.

Note 12 - 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 water and sewer employees. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, and requires a contribution by the participant for 10 percent of annual premiums. The Township does not provide retiree health benefits beyond age 65, but does provide \$100 per month for each retiree (and covered spouse, if any).

This is a single-employer defined benefit plan administered by the Township. Administrative costs are paid by the plan. Currently, 21 retirees and one beneficiary are eligible for healthcare benefits and there are 99 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 \$428,063. Total contributions of postemployment healthcare benefits made during the year relate to advance funding.

Funding Progress - For the year ended December 31, 2013, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 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:

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 12 - Other Postemployment Benefits (OPEB) (Continued)

Annual required contribution (recommended)	\$ 428,063
Adjustment to the annual required contribution and interest on asset	<u>38,629</u>
Annual OPEB cost	466,692
Amounts contributed - Advance funding	<u>(428,063)</u>
Increase in net OPEB obligation	38,629
OPEB asset - Beginning of year	<u>(3,456,607)</u>
OPEB asset - End of year	<u>\$ (3,417,978)</u>

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

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Cost *	Percentage Contributed	Net OPEB Asset
12/31/11	1/1/09	\$ (53,234)	54.8	\$ 3,460,515
12/31/12	1/1/12	183,363	97.9	3,456,607
12/31/13	12/31/12	466,692	91.7	3,417,978

* The required contribution is included in the annual OPEB costs and is expressed to the Township as a percentage of payroll for fiscal years ended 2011 and 2012. For fiscal year 2013, the required contribution is expressed to the Township as a level dollar amount.

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	-	-
12/31/12	4,426,216	6,997,090	2,570,874	63.3	-	-

* 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.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 12 - Other Postemployment Benefits (OPEB) (Continued)

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 December 31, 2012 actuarial valuation, the individual 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 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 16 years. The UAAL is being amortized as a level dollar amount. The remaining amortization period at December 31, 2012 was 25 years.

The following is an allocation of the OPEB asset as of December 31, 2013:

Governmental activities	\$ 2,985,352
Business-type activities	<u>432,626</u>
Total	<u>\$ 3,417,978</u>

Note 13 - 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 \$7,367,200 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.

Charter Township of Northville

Notes to Financial Statements December 31, 2013

Note 13 - Joint Ventures (Continued)

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 \$1,005,101 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)	\$ -	\$ 15,339,436	\$ 15,339,436
Northville Parks and Recreation Commission	2,809,227	-	2,809,227
Total	\$ 2,809,227	\$ 15,339,436	\$ 18,148,663

Note 14 - 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, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 1,465,459	\$ 1,465,459	\$ 1,429,448	\$ (36,011)
Building department	716,000	721,000	1,148,249	427,249
State sources	2,098,389	2,098,389	2,118,456	20,067
Net investment income	5,000	5,000	6,110	1,110
Interest, transfers in, and miscellaneous	729,807	729,807	1,080,475	350,668
Total revenue	5,014,655	5,019,655	5,782,738	763,083
Expenditures - Current				
General government:				
Legislative	1,428,366	1,428,366	1,275,674	152,692
Treasurer	1,018,880	1,018,880	987,325	31,555
Clerk	368,550	368,550	354,551	13,999
Total general government	2,815,796	2,815,796	2,617,550	198,246
Building department	531,660	536,660	548,026	(11,366)
Planning and zoning	212,583	212,583	173,747	38,836
Transfer to other funds	1,011,233	1,411,233	1,328,320	82,913
Total expenditures	4,571,272	4,976,272	4,667,643	308,629
Net Change in Fund Balance	443,383	43,383	1,115,095	1,071,712
Fund Balance - Beginning of year	5,642,114	5,642,114	5,642,114	-
Fund Balance - End of year	\$ 6,085,497	\$ 5,685,497	\$ 6,757,209	\$ 1,071,712

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 4,655,002	\$ 4,655,002	\$ 4,572,562	\$ (82,440)
Federal sources	218,100	218,100	114,237	(103,863)
State sources	-	-	21,086	21,086
Net investment income (loss)	45,100	(22,350)	(70,192)	(47,842)
Charges for services	210,200	210,200	272,560	62,360
Interest, transfers in, and miscellaneous	520,683	520,683	499,454	(21,229)
Total revenue	5,649,085	5,581,635	5,409,707	(171,928)
Expenditures - Current				
Public safety	6,146,349	6,238,349	6,188,026	50,323
Transfers to other funds	187,978	187,978	160,200	27,778
Total expenditures	6,334,327	6,426,327	6,348,226	78,101
Excess of Expenditures Over Revenue	(685,242)	(844,692)	(938,519)	(93,827)
Other Financing Sources - Proceeds				
from sale of capital assets	-	-	16,700	16,700
Net Change in Fund Balance	(685,242)	(844,692)	(921,819)	(77,127)
Fund Balance - Beginning of year	2,650,778	2,650,778	2,650,778	-
Fund Balance - End of year	<u>\$ 1,965,536</u>	<u>\$ 1,806,086</u>	<u>\$ 1,728,959</u>	<u>\$ (77,127)</u>

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,128,021	\$ 4,128,021	\$ 3,869,537	\$ (258,484)
Federal sources	280,500	280,500	297,435	16,935
Net investment income	2,500	2,500	2,035	(465)
Interest, transfers in, and miscellaneous	220,530	220,530	587,758	367,228
Total revenue	4,631,551	4,631,551	4,756,765	125,214
Expenditures - Current				
Public safety	4,468,750	4,468,750	4,299,760	168,990
Transfers to other funds	374,200	374,200	318,920	55,280
Total expenditures	4,842,950	4,842,950	4,618,680	224,270
Excess of Revenue (Under) Over Expenditures	(211,399)	(211,399)	138,085	349,484
Other Financing Sources - Proceeds				
from sale of capital assets	-	-	57,635	57,635
Net Change in Fund Balance	(211,399)	(211,399)	195,720	407,119
Fund Balance - Beginning of year	2,374,884	2,374,884	2,374,884	-
Fund Balance - End of year	\$ 2,163,485	\$ 2,163,485	\$ 2,570,604	\$ 407,119

Charter Township of Northville

Required Supplemental Information Pension System Schedule Year Ended December 31, 2013

The schedule of funding progress 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
12/31/10	\$ 17,066,696	\$ 24,110,887	\$ 7,044,191	70.8	\$ 7,021,949	100.3
12/31/11	19,283,928	27,363,897	8,079,969	70.5	7,069,637	114.3
12/31/12	21,210,051	30,160,675	8,950,624	70.3	6,712,188	133.3

Additional information as of December 31, 2012, the latest actuarial valuation, follows:

Amortization method	Individual entry age
Amortization period (perpetual)	26 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases *	4.5% - 17.5%
*Includes inflation at	4.5%
Cost of living adjustments *	2.5%

Charter Township of Northville

Required Supplemental Information Other Postemployment Benefit System Schedule Year Ended December 31, 2013

The schedule of funding progress 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 **
1/1/09	\$ 2,622,392	\$ 2,676,437	\$ 54,045	98.0	\$ -	-
1/1/12	4,067,175	4,217,220	150,045	96.4	-	-
12/31/12	4,426,216	6,997,090	2,570,874	63.3	-	-

* Covered payroll - Not available

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation, follows:

Actuarial cost method	Individual entry-age
Amortization method	Level dollar amount
Amortization period	25 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Medical inflation rate *	9.0%

* annual healthcare cost trend rate of 9.0 percent initially,
reduced by decrements to an ultimate rate of 4.5 percent
after 16 years.

Charter Township of Northville

Note to Required Supplemental Information Year Ended December 31, 2013

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 September, the budget is available for public viewing, and public hearings take place 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, 2013

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	\$ 5,782,738	\$ 3,339,323
Interfund transfers budgeted as expenditures	-	1,328,320
Amounts per budget statement	<u>\$ 5,782,738</u>	<u>\$ 4,667,643</u>

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
Charter Township of Northville - Police Fund:			
Amounts per operating statement	\$ 5,421,355	\$ 6,225,928	\$ 1,801,779
Interfund transfers budgeted as revenue and expenditures	38,352	198,552	-
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>(50,000)</u>	<u>(76,254)</u>	<u>(72,820)</u>
Amounts per budget statement	<u>\$ 5,409,707</u>	<u>\$ 6,348,226</u>	<u>\$ 1,728,959</u>

	<u>Total Revenue</u>	<u>Total Expenditures</u>
Charter Township of Northville - Fire Fund:		
Amounts per operating statement	\$ 4,756,765	\$ 4,299,760
Interfund transfers budgeted as expenditures	-	318,920
Amounts per budget statement	<u>\$ 4,756,765</u>	<u>\$ 4,618,680</u>

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Charter Township of Northville had no unfavorable budget variances.

Other Supplemental Information

Charter Township of Northville

	Special Revenue Funds		
	Community Development Block Grant	Youth Assistance	Shared Services
Assets			
Cash and investments	\$ -	\$ 159,847	\$ 1,385,719
Receivables:			
Taxes	-	-	545,065
Special assessments	-	-	-
Prepays and other assets	-	1,376	-
Total assets	<u>\$ -</u>	<u>\$ 161,223</u>	<u>\$ 1,930,784</u>
Liabilities			
Accounts payable	\$ -	\$ 1,523	\$ 11,386
Accrued liabilities and other - Accrued salaries and wages	-	2,889	-
Total liabilities	-	4,412	11,386
Deferred Inflows of Resources - Deferred revenue	-	-	821,784
Total liabilities and deferred inflows of resources	-	4,412	833,170
Fund Balances			
Restricted:			
Debt service	-	-	-
Youth assistance	-	123,696	-
Parks, recreation, senior and youth services	-	-	1,097,614
Conrad charitable trust	-	33,115	-
Assigned:			
Debt service	-	-	-
Capital projects	-	-	-
Total fund balances	-	156,811	1,097,614
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 161,223</u>	<u>\$ 1,930,784</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013**

Land Acquisition	Debt Service Funds			2012	Capital Projects Fund	Total Nonmajor Governmental Funds
	Edenderry Paving SAD Fund	Building Authority	Refunding Debt	Capital Projects		
\$ 39,081	\$ 133,683	\$ -	\$ 740,232	\$ 529,893	\$ 2,988,455	
-	-	-	-	-	545,065	
-	348,738	-	-	143,517	492,255	
-	-	-	-	-	1,376	
\$ 39,081	\$ 482,421	\$ -	\$ 740,232	\$ 673,410	\$ 4,027,151	
\$ -	\$ -	\$ -	\$ -	\$ 17,960	\$ 30,869	
-	-	-	-	-	2,889	
-	-	-	-	17,960	33,758	
-	348,738	-	-	143,517	1,314,039	
-	348,738	-	-	161,477	1,347,797	
-	133,683	-	-	-	133,683	
-	-	-	-	-	123,696	
-	-	-	-	-	1,097,614	
-	-	-	-	-	33,115	
39,081	-	-	740,232	-	779,313	
-	-	-	-	511,933	511,933	
39,081	133,683	-	740,232	511,933	2,679,354	
\$ 39,081	\$ 482,421	\$ -	\$ 740,232	\$ 673,410	\$ 4,027,151	

Charter Township of Northville

	Special Revenue Funds		
	Community Development	Youth	Shared Services
	Block Grant	Assistance	
Revenue			
Property taxes	\$ -	\$ -	\$ 764,036
Federal sources	13,050	-	-
State sources	-	7,556	-
Charges for services	-	-	-
Net investment income	-	-	2,419
Other revenue	-	188,579	-
Total revenue	13,050	196,135	766,455
Expenditures			
Current:			
Community and economic development	13,050	-	-
Recreation and culture	-	202,576	1,108,466
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	13,050	202,576	1,108,466
Excess of Expenditures Over Revenue	-	(6,441)	(342,011)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	-	(6,441)	(342,011)
Fund Balances - Beginning of year	-	163,252	1,439,625
Fund Balances - End of year	\$ -	\$ 156,811	\$ 1,097,614

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2013

Land Acquisition	Debt Service Funds			Capital Projects	Total Nonmajor Governmental Funds
	Edenderry Paving SAD Fund	Building Authority	2012 Refunding Debt	Fund Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 764,036
-	-	-	-	-	13,050
-	-	-	-	-	7,556
-	-	180,510	-	-	180,510
-	13,386	-	-	9,465	25,270
-	39,352	-	-	27,653	255,584
-	52,738	180,510	-	37,118	1,246,006
-	-	-	-	-	13,050
-	-	-	-	-	1,311,042
-	-	-	-	491,075	491,075
282,113	61,748	832,125	306,330	-	1,482,316
282,113	61,748	832,125	306,330	491,075	3,297,483
(282,113)	(9,010)	(651,615)	(306,330)	(453,957)	(2,051,477)
281,888	-	651,490	1,046,562	850,000	2,829,940
-	-	(740,612)	-	(281,888)	(1,022,500)
281,888	-	(89,122)	1,046,562	568,112	1,807,440
(225)	(9,010)	(740,737)	740,232	114,155	(244,037)
39,306	142,693	740,737	-	397,778	2,923,391
\$ 39,081	\$ 133,683	\$ -	\$ 740,232	\$ 511,933	\$ 2,679,354

Charter Township of Northville

	Special Revenue Funds					
	Community Development Block Grant			Youth Assistance		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	90,720	13,050	(77,670)	-	-	-
State sources	-	-	-	-	7,556	7,556
Charges for services	-	-	-	-	-	-
Net investment income	-	-	-	150	-	(150)
Other revenue and transfers	-	-	-	165,696	188,579	22,883
Total revenue	90,720	13,050	(77,670)	165,846	196,135	30,289
Expenditures						
Community and economic development	90,720	13,050	77,670	-	-	-
Recreation and culture	-	-	-	206,697	202,576	4,121
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total expenditures	90,720	13,050	77,670	206,697	202,576	4,121
Excess of Revenue (Under) Over Expenditures	-	-	-	(40,851)	(6,441)	34,410
Fund Balance - Beginning of year	-	-	-	163,252	163,252	-
Fund Balance - End of year	\$ -	\$ -	\$ -	\$ 122,401	\$ 156,811	\$ 34,410

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
Year Ended December 31, 2013

Special Revenue Funds			Debt Service Funds					
Shared Services			Land Acquisition			Edenderry Paving SAD Fund		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 803,471	\$ 764,036	\$ (39,435)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,300	2,419	(881)	100	-	(100)	10,000	13,386	3,386
-	-	-	281,888	281,888	-	62,500	39,352	(23,148)
806,771	766,455	(40,316)	281,988	281,888	(100)	72,500	52,738	(19,762)
-	-	-	-	-	-	-	-	-
1,108,533	1,108,466	67	-	-	-	-	-	-
-	-	-	281,888	282,113	225	61,748	61,748	-
-	-	-	-	-	-	-	-	-
1,108,533	1,108,466	67	281,888	282,113	(225)	61,748	61,748	-
(301,762)	(342,011)	(40,249)	100	(225)	(325)	10,752	(9,010)	(19,762)
1,439,625	1,439,625	-	39,306	39,306	-	142,693	142,693	-
\$ 1,137,863	\$ 1,097,614	\$ (40,249)	\$ 39,406	\$ 39,081	\$ (325)	\$ 153,445	\$ 133,683	\$ (19,762)

Charter Township of Northville

	Debt Service Funds					
	Building Authority			2012 Refunding Debt		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Charges for services	-	180,510	180,510	-	-	-
Net investment income	500	-	(500)	-	-	-
Other revenue and transfers	1,247,186	651,490	(595,696)	-	1,046,562	1,046,562
Total revenue	1,247,686	832,000	(415,686)	-	1,046,562	1,046,562
Expenditures						
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	1,247,486	832,125	(415,361)	-	(306,330)	306,330
Transfers out	-	740,612	740,612	-	-	-
Total expenditures	1,247,486	1,572,737	(325,251)	-	(306,330)	306,330
Excess of Revenue (Under) Over Expenditures	200	(740,737)	(740,937)	-	740,232	740,232
Fund Balance - Beginning of year	740,737	740,737	-	-	-	-
Fund Balance - End of year	\$ 740,937	\$ -	\$ (740,937)	\$ -	\$ 740,232	\$ 740,232

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Year Ended December 31, 2013

Capital Project Fund		
General Capital Outlay		
Final Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
3,000	9,465	6,465
872,000	877,653	5,653
875,000	887,118	12,118
-	-	-
-	-	-
523,700	491,075	(32,625)
-	-	-
282,100	281,888	(212)
805,800	772,963	(32,837)
69,200	114,155	44,955
397,778	397,778	-
\$ 466,978	\$ 511,933	\$ 44,955

Charter Township of Northville

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2013

	Agency Funds			Total Agency Funds
	Tax Collection Fund	Agency	Escrow	
Assets - Cash and investments	\$ 4,565,482	\$ 653,825	\$ 1,979,240	\$ 7,198,547
Liabilities				
Accounts payable	\$ -	\$ 14,066	\$ 11,529	\$ 25,595
Tax collections distributable	4,565,482	-	-	4,565,482
Bonds and deposits	-	639,759	1,967,711	2,607,470
Total liabilities	\$ 4,565,482	\$ 653,825	\$ 1,979,240	\$ 7,198,547

Charter Township of Northville

Schedule of Changes in Agency Funds Year Ended December 31, 2013

	Balance at January 1, 2013	Additions	Reductions	Balance at December 31, 2013
Assets - Cash and investments	\$ 8,363,802	\$ 72,444,872	\$ (73,610,127)	\$ 7,198,547
Liabilities				
Accounts payable	\$ 18,566	\$ 1,380,953	\$ (1,373,924)	\$ 25,595
Tax collections distributable	5,181,439	70,875,466	(71,491,423)	4,565,482
Bonds and deposits	3,163,797	1,492,961	(2,049,288)	2,607,470
Total liabilities	\$ 8,363,802	\$ 73,749,380	\$ (74,914,635)	\$ 7,198,547

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 in the future.
- 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			
	2004	2005	2006	2007
Governmental Activities				
Net investment in capital assets	\$ 9,417,817	\$ 10,864,210	\$ 13,445,433	\$ 15,401,190
Restricted	5,264,640	6,178,741	6,889,077	6,994,500
Unrestricted	8,547,935	9,069,439	9,418,678	10,321,153
Total governmental activities net position	<u>\$ 23,230,392</u>	<u>\$ 26,112,390</u>	<u>\$ 29,753,188</u>	<u>\$ 32,716,843</u>
Business-type Activities				
Net investment in capital assets	\$ 46,442,978	\$ 49,966,529	\$ 50,441,381	\$ 49,543,959
Restricted	-	-	-	-
Unrestricted	29,820,811	33,258,575	35,292,772	37,623,685
Total business-type activities net position	<u>\$ 76,263,789</u>	<u>\$ 83,225,104</u>	<u>\$ 85,734,153</u>	<u>\$ 87,167,644</u>
Primary Government in Total				
Net investment in capital assets	\$ 55,860,795	\$ 60,830,739	\$ 63,886,814	\$ 64,945,149
Restricted	5,264,640	6,178,741	6,889,077	6,994,500
Unrestricted	38,368,746	42,328,014	44,711,450	47,944,838
Total primary government net position	<u>\$ 99,494,181</u>	<u>\$ 109,337,494</u>	<u>\$ 115,487,341</u>	<u>\$ 119,884,487</u>

Source: Township's annual financial statements

Financial Trends
Net Position by Component
(Unaudited)

December 31					
2008	2009	2010	2011	2012	2013
\$ 16,465,320	\$ 15,250,778	\$ 19,648,586	\$ 21,854,912	\$ 23,055,264	\$ 24,441,185
7,211,812	7,600,151	8,798,250	6,670,564	8,666,302	6,612,025
8,939,876	8,516,637	6,657,863	11,865,805	9,927,066	11,884,761
<u>\$ 32,617,008</u>	<u>\$ 31,367,566</u>	<u>\$ 35,104,699</u>	<u>\$ 40,391,281</u>	<u>\$ 41,648,632</u>	<u>\$ 42,937,971</u>
\$ 48,767,000	\$ 47,888,661	\$ 46,887,535	\$ 46,458,045	\$ 46,350,805	\$ 46,098,141
-	-	-	-	-	-
37,487,872	35,534,909	34,553,614	34,564,108	35,809,582	34,320,753
<u>\$ 86,254,872</u>	<u>\$ 83,423,570</u>	<u>\$ 81,441,149</u>	<u>\$ 81,022,153</u>	<u>\$ 82,160,387</u>	<u>\$ 80,418,894</u>
\$ 65,232,320	\$ 63,139,439	\$ 66,536,121	\$ 68,312,957	\$ 69,406,069	\$ 70,539,326
7,211,812	7,600,151	8,798,250	6,670,564	8,666,302	6,612,025
46,427,748	44,051,546	41,211,477	46,429,913	45,736,648	46,205,514
<u>\$ 118,871,880</u>	<u>\$ 114,791,136</u>	<u>\$ 116,545,848</u>	<u>\$ 121,413,434</u>	<u>\$ 123,809,019</u>	<u>\$ 123,356,865</u>

Charter Township of Northville

	December 31			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 3,194,531	\$ 2,322,802	\$ 2,971,812	\$ 2,678,955
Public safety:				
Police and fire	6,632,940	7,618,350	8,475,343	9,614,413
Building department	938,465	945,151	931,594	898,056
Community and economic development	286,453	414,817	393,106	336,423
Recreation and culture	946,227	1,013,105	1,343,320	1,580,297
Interest on long-term debt	733,582	809,647	915,612	697,494
Total governmental activities	12,732,198	13,123,872	15,030,787	15,805,638
Business-type activities:				
Water and sewer	11,085,227	12,220,157	11,728,353	12,683,067
Solid waste	795,964	915,531	1,028,391	1,095,782
Total business-type activities	11,881,191	13,135,688	12,756,744	13,778,849
Program Revenue				
Governmental activities:				
Charges for services:				
General government	458,268	851,927	601,866	540,487
Public safety:				
Police and fire	316,682	327,255	487,791	570,697
Building department	1,643,764	1,347,661	910,345	680,111
Community and economic development	119,386	66,579	41,645	45,208
Recreation and culture	147,333	6,407	4	6,000
Operating grants and contributions	365,833	793,547	643,545	349,679
Capital grants and contributions	40,138	84,182	1,843,613	29,242
Total governmental activities	3,091,404	3,477,558	4,528,809	2,221,424
Business-type activities:				
Charges for services:				
Water and sewer	7,650,061	9,323,412	8,707,884	10,266,714
Solid waste	669,480	1,016,316	1,082,620	1,124,396
Operating grants and contributions	8,450,664	6,112,685	3,353,724	1,549,807
Capital grants and contributions	1,977,340	3,059,568	600,210	654,605
Total business-type activities	18,747,545	19,511,981	13,744,438	13,595,522
Total program revenue	21,838,949	22,989,539	18,273,247	15,816,946
Net (Expense) Revenue				
Governmental activities	(9,640,794)	(9,646,314)	(10,501,978)	(13,584,214)
Business-type activities	6,866,354	6,376,293	987,694	(183,327)
Total net expense	(2,774,440)	(3,270,021)	(9,514,284)	(13,767,541)

Financial Trends

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

December 31						
2008	2009	2010	2011	2012	2013	
\$ 3,738,047	\$ 4,639,368	\$ 4,004,606	\$ 2,046,634	\$ 3,493,755	\$ 2,653,730	
10,345,758	10,169,722	10,689,100	8,553,942	10,734,926	11,108,991	
834,378	700,734	447,318	370,979	491,918	558,867	
399,671	418,448	264,475	220,606	195,707	186,797	
1,923,676	1,554,766	1,395,161	2,475,283	1,989,540	1,833,427	
<u>683,335</u>	<u>1,243,164</u>	<u>1,501,131</u>	<u>1,630,883</u>	<u>1,485,959</u>	<u>1,182,782</u>	
17,924,865	18,726,202	18,301,791	15,298,327	18,391,805	17,524,594	
14,226,522	13,391,348	12,852,479	13,398,252	14,312,122	14,695,035	
<u>1,185,965</u>	<u>1,217,156</u>	<u>1,238,403</u>	<u>1,047,325</u>	<u>1,273,154</u>	<u>934,679</u>	
15,412,487	14,608,504	14,090,882	14,445,577	15,585,276	15,629,714	
520,469	1,721,876	649,747	1,132,659	1,183,557	1,001,559	
727,992	578,392	1,009,987	1,231,599	475,819	1,321,420	
819,443	378,456	688,833	748,445	1,062,979	1,148,249	
34,945	14,320	10,201	7,388	34,171	254,269	
115,388	95,473	169,192	207,152	140,731	142,802	
397,606	476,167	396,584	354,108	352,870	620,958	
<u>-</u>	<u>194,586</u>	<u>4,078,833</u>	<u>1,105,462</u>	<u>2,061,160</u>	<u>17,451</u>	
2,615,843	3,459,270	7,003,377	4,786,813	5,311,287	4,506,708	
9,922,292	9,134,727	9,372,655	10,291,344	12,289,757	10,548,452	
1,152,172	1,169,980	1,183,980	1,200,640	1,221,220	1,220,996	
1,879,681	677,585	1,107,566	2,171,519	320,675	-	
<u>360,990</u>	<u>580,838</u>	<u>338,217</u>	<u>48,923</u>	<u>2,742,609</u>	<u>2,950,146</u>	
<u>13,315,135</u>	<u>11,563,130</u>	<u>12,002,418</u>	<u>13,712,426</u>	<u>16,574,261</u>	<u>14,719,594</u>	
<u>15,930,978</u>	<u>15,022,400</u>	<u>19,005,795</u>	<u>18,499,239</u>	<u>21,885,548</u>	<u>19,226,302</u>	
(15,309,022)	(15,266,932)	(11,298,414)	(10,511,514)	(13,080,518)	(13,017,886)	
<u>(2,097,352)</u>	<u>(3,045,374)</u>	<u>(2,088,464)</u>	<u>(733,151)</u>	<u>988,985</u>	<u>(910,120)</u>	
(17,406,374)	(18,312,306)	(13,386,878)	(11,244,665)	(12,091,533)	(13,928,006)	

Charter Township of Northville

	December 31			
	2004	2005	2006	2007
General Revenue				
Property taxes	\$ 9,503,319	\$ 10,617,171	\$ 11,587,657	\$ 12,193,135
State-shared revenue	1,484,897	1,466,422	1,454,282	1,468,024
Net investment income (loss)	322,400	509,571	1,109,590	1,308,717
(Loss) gain on sale of capital assets	(40,378)	(86,089)	(51,226)	1,377,993
Miscellaneous	-	21,237	42,473	200,000
Total general revenue	11,270,238	12,528,312	14,142,776	16,547,869
Business-type activities:				
Unrestricted investment earnings (loss)	347,629	606,259	1,563,828	1,816,818
Loss on sale of capital assets	-	-	-	-
Transfers out	-	(21,237)	(42,473)	(200,000)
Total business-type activities	347,629	585,022	1,521,355	1,616,818
Change in Net Position				
Governmental activities	1,629,444	2,881,998	3,640,798	2,963,655
Business-type activities	7,213,983	6,961,315	2,509,049	1,433,491
Total change in net position	\$ 8,843,427	\$ 9,843,313	\$ 6,149,847	\$ 4,397,146

Source: Township's annual financial statements

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

December 31						
2008	2009	2010	2011	2012	2013	
\$ 13,058,573	\$ 12,510,856	\$ 13,470,603	\$ 12,455,833	\$ 12,135,482	\$ 12,104,998	
1,429,285	1,259,930	1,318,976	2,283,885	2,077,884	2,118,456	
636,533	181,676	115,141	124,472	86,826	(36,777)	
44,796	25,028	6,258	323,222	2,646	54,514	
-	-	1,125	296,138	35,031	66,034	
15,169,187	13,977,490	14,912,103	15,483,550	14,337,869	14,307,225	
1,224,580	254,072	385,681	628,701	149,249	(831,373)	
-	-	(156,194)	-	-	-	
-	-	-	-	-	-	
1,224,580	254,072	229,487	628,701	149,249	(831,373)	
(139,835)	(1,289,442)	3,613,689	4,972,036	1,257,351	1,289,339	
(872,772)	(2,791,302)	(1,858,977)	(104,450)	1,138,234	(1,741,493)	
\$ (1,012,607)	\$ (4,080,744)	\$ 1,754,712	\$ 4,867,586	\$ 2,395,585	\$ (452,154)	

Charter Township of Northville

	Year Ended December 31			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 2,115,580	\$ 2,115,386	\$ 1,868,867	\$ 1,868,867
Unreserved	1,060,510	1,508,319	1,719,649	1,550,265
Nonspendable:				
Prepays	-	-	-	-
Long-term receivable	-	-	-	-
Restricted - Contributions and donations	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	3,176,090	3,623,705	3,588,516	3,419,132
All Other Governmental Funds				
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	6,878,969	8,021,404	9,573,429	10,669,581
Capital project funds	2,301,798	1,714,260	1,376,843	1,405,323
Debt service funds	247,154	293,544	292,453	369,343
Nonspendable - Prepays	-	-	-	-
Restricted:				
Parks, recreation, and cultural services	-	-	-	-
Debt service	-	-	-	-
Youth assistance	-	-	-	-
Drug forfeiture	-	-	-	-
Police and fire operations	-	-	-	-
Special operations	-	-	-	-
Conrad charitable trust	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total all other governmental funds	9,427,921	10,029,208	11,242,725	12,444,247
Total	\$ 12,604,011	\$ 13,652,913	\$ 14,831,241	\$ 15,863,379

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.

Charter Township of Northville

	Year Ended December 31			
	2004	2005	2006	2007
Revenue				
Property taxes	\$ 9,503,319	\$ 10,617,171	\$ 11,587,657	\$ 12,193,135
Licenses, permits, and charges for services	1,643,764	1,347,661	910,345	680,111
Federal grants	156,337	236,558	499,408	163,810
State sources	1,475,327	1,492,577	1,464,219	1,447,049
Local sources	25,920	52,225	51,863	26,450
Fines and forfeitures	183,391	250,556	275,826	254,739
Net investment income (loss)	-	-	-	-
Proceeds from sale of land	-	-	-	1,997,000
Other revenue	1,479,814	1,751,646	2,342,037	2,465,039
Total revenue	14,467,872	15,748,394	17,131,355	19,227,333
Expenditures				
Current services:				
Legislative	1,432,674	1,252,278	998,737	1,275,798
Clerk	341,885	318,882	537,608	354,618
Treasurer	760,364	815,611	886,776	918,435
Police department	4,476,427	5,270,612	5,661,169	5,914,714
Fire department	1,836,212	2,273,000	2,888,024	3,336,674
Building department	907,834	870,518	858,659	836,152
Planning and zoning	263,729	302,943	309,208	226,540
Shared services	4,629,727	1,401,452	1,550,175	1,637,625
Community development programs	22,724	111,874	83,898	109,883
Other	-	-	-	-
Capital outlay	8,587,849	590,630	392,709	2,300,480
Debt service:	1,251,617	1,512,929	1,923,537	1,484,276
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	24,511,042	14,720,729	16,090,500	18,395,195
Excess of Revenue (Under) Over Expenditures	(10,043,170)	1,027,665	1,040,855	832,138
Other Financing (Uses) Sources				
Payment to refunded bond escrow agent	-	-	(2,550,000)	-
Debt premium	-	-	-	-
Proceeds from issuance of debt	-	-	2,645,000	-
Proceeds from sale of assets	-	-	-	-
Transfers in	2,891,543	2,442,024	3,063,703	3,122,396
Transfers out	(2,891,543)	(2,420,787)	(3,021,230)	(2,922,396)
Total other financing sources	-	21,237	137,473	200,000
Net Change in Fund Balances	(10,043,170)	1,048,902	1,178,328	1,032,138
Fund Balances - Beginning of year	22,647,181	12,604,011	13,652,913	14,831,241
Fund Balances - End of year	\$ 12,604,011	\$ 13,652,913	\$ 14,831,241	\$ 15,863,379
Debt Service as a Percentage of Noncapital Expenditures	7.9%	10.7%	12.3%	9.2%

Source: Township's annual financial statements

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

		Year Ended December 31									
		2008	2009	2010	2011	2012	2013				
\$	13,058,573	\$	12,510,856	\$	13,470,603	\$	12,455,833	\$	12,135,482	\$	12,104,998
	819,443		378,456		688,833		748,445		1,062,979		1,361,730
	172,221		391,171		203,337		484,758		2,211,091		474,722
	1,437,321		1,505,441		4,918,976		2,600,131		2,157,804		2,147,098
	-		-		-		-		-		-
	425,927		195,468		314,475		327,666		196,471		272,560
	636,533		181,676		115,141		124,472		86,826		(36,777)
	-		-		-		-		-		-
	1,087,160		1,822,921		1,663,157		3,516,229		2,139,410		2,351,948
	<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>		<u>18,676,279</u>
	1,962,825		2,748,318		1,360,266		1,372,569		1,615,843		1,275,674
	458,476		365,539		354,736		360,165		438,753		354,551
	969,488		1,014,326		977,899		1,061,269		984,656		987,325
	6,877,919		8,067,776		5,895,996		6,104,468		6,400,651		6,225,928
	3,600,602		3,391,803		3,684,062		3,548,206		4,259,831		4,299,760
	791,898		726,608		381,263		431,065		482,455		548,026
	253,182		250,290		226,262		159,760		165,172		173,747
	1,887,159		1,519,979		1,348,685		1,054,694		1,543,347		1,311,042
	146,489		168,158		38,213		60,846		30,535		13,050
	258,620		551,340		613,047		-		-		-
	55,081		21,682,558		4,053,575		1,394,769		539,304		491,075
	1,492,932		-		-		-		-		-
	-		790,000		1,595,000		1,750,000		1,775,000		1,865,000
	-		1,003,908		1,370,565		1,644,527		1,520,616		1,231,000
	<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>		<u>18,776,178</u>
	(1,117,493)		(25,294,614)		(525,047)		1,315,196		233,900		(99,899)
	-		-		-		-		(9,826,007)		-
	-		-		-		-		843,254		-
	-		22,635,000		-		-		9,115,000		-
	44,796		25,028		19,153		4,403		471		74,335
	4,156,643		2,425,300		1,476,636		1,655,001		2,438,016		2,868,292
	(4,116,643)		(2,385,300)		(1,353,192)		(1,340,455)		(2,124,720)		(2,868,292)
	<u>84,796</u>		<u>22,700,028</u>		<u>142,597</u>		<u>318,949</u>		<u>446,014</u>		<u>74,335</u>
	(1,032,697)		(2,594,586)		(382,450)		1,634,145		679,914		(25,564)
	<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>
\$	<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>	\$	<u>14,142,141</u>
	8.0%		8.7%		16.6%		19.3%		17.1%		16.9%

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
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	-
2012	2013	1,481,357,931	174,471,840	37,602,545	1,496,813	-

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
\$ 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%
61,675,518	1,756,604,647	7.1074	1,836,113,250	95.67%

Charter Township of Northville

Northville Township

Tax Year	Fiscal Year	Operating	Operating*	Public Safety*	Park Development	Shared Services*	Debt Service	Total
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
2012	2013	0.6824	0.1176	5.0000	-	0.4574	0.8500	7.1074

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

											Total All	
											Jurisdictions	
											Total All	Non-
											Jurisdictions	Non-
Homestead	Non-Homestead	Northville District Library	Wayne County	Wayne County RESA	Schoolcraft College	Zoo Authority	DIA Authority	Huron Metro Authority	Clinton State Education	Total All Jurisdictions Homestead	Total All Jurisdictions Non-Homestead	
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	
5.3000	23.3000	1.4223	7.8220	3.4643	1.7967	0.1000	0.2000	0.2146	6.0000	33.4273	51.4273	

Charter Township of Northville

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

Taxpayer	2012 Taxable Value	Percentage of Total	2012 Rank	2003 Taxable Value	Percentage of Total	2003 Rank
Wilson Park Place, LLC	\$ 20,116,670	1.15%	1	\$ -	-	
Consumers Energy	15,309,300	0.87%	2	8,675,722	0.62%	4
DTE Energy	14,272,469	0.81%	3	7,826,636	0.56%	6
Kings Mill Cooperative	8,875,727	0.51%	4	7,125,187	0.51%	8
Meijer Inc. - Property Tax Department	7,346,750	0.42%	5	-	-	
ZF Technologies	7,362,176	0.42%	6	-	-	
Hayes - Lemmerz International	7,278,700	0.41%	7	11,157,637	0.80%	3
Related Innsbrook, LLC	6,461,800	0.37%	8	-	-	
Ventas, Inc.	4,444,600	0.25%	9	-	-	
Hidden Coves Estates, LLC	4,366,800	0.25%	10	6,215,746	0.44%	10
Park Place Apartments	-	-		16,134,801	1.15%	1
Toll Brothers Northville Limited PNP	-	-		13,070,682	0.93%	2
Grand Sakwa Northville	-	-		7,562,518	0.54%	7
Michigan-Maybury State Park	-	-		7,866,650	0.56%	5
Pulte Land Development Corporation	-	-		6,966,865	0.50%	9
Total	\$ 95,834,992	5.46%		\$ 92,602,444	6.61%	
Source: Assessor's records						
Total taxable value for each year	\$ 1,756,604,647	5.46%		\$ 1,401,214,644	6.61%	

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
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%
2012	2013	12,503,503	12,169,947	97.33	327,879	12,497,826	99.95%

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

	2004	2005	2006	2007	2008
Governmental Activities					
General obligation bonds (1)	\$ 18,045,000	\$ 17,675,000	\$ 17,120,000	\$ 16,410,000	\$ 15,695,000
Installment purchase agreements	755,012	442,809	131,357	67,324	-
Special assessment bonds	<u>105,000</u>	<u>90,000</u>	<u>75,000</u>	<u>60,000</u>	<u>40,000</u>
Total	18,905,012	18,207,809	17,326,357	16,537,324	15,735,000
Business-type Activities					
General obligation bonds	-	-	-	-	-
Special assessment bonds	345,000	15,000	-	-	-
Capital improvement bonds	-	-	-	5,000,000	4,900,000
State Revolving Loan Fund	-	-	-	-	-
Total	<u>345,000</u>	<u>15,000</u>	<u>-</u>	<u>5,000,000</u>	<u>4,900,000</u>
Total debt of the government	<u>\$ 19,250,012</u>	<u>\$ 18,222,809</u>	<u>\$ 17,326,357</u>	<u>\$ 21,537,324</u>	<u>\$ 20,635,000</u>
Total taxable value	\$ 1,401,214,644	\$ 1,587,882,523	\$ 1,755,884,750	\$ 1,939,716,641	\$ 2,073,030,468
Ratio of total debt to taxable value	1.37%	1.15%	0.99%	1.11%	1.00%
Total population *	24,581	25,674	26,430	26,533	26,879
Total debt per capita	\$ 783	\$ 710	\$ 656	\$ 812	\$ 768

* 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)**

2009	2010	2011	2012	2013
\$ 36,935,000	\$ 35,390,000	\$ 33,670,000	\$ 32,468,254	\$ 30,558,929
-	-	-	-	-
<u>645,000</u>	<u>595,000</u>	<u>565,000</u>	<u>525,000</u>	<u>485,000</u>
37,580,000	35,985,000	34,235,000	32,993,254	31,043,929
1,125,000	1,125,000	1,100,000	1,075,000	1,050,000
-	-	-	-	-
4,800,000	4,700,000	4,600,000	4,400,000	4,200,000
-	-	-	48,291	1,451,805
<u>5,925,000</u>	<u>5,825,000</u>	<u>5,700,000</u>	<u>5,523,291</u>	<u>6,701,805</u>
<u>\$ 43,505,000</u>	<u>\$ 41,810,000</u>	<u>\$ 39,935,000</u>	<u>\$ 38,516,545</u>	<u>\$ 37,745,734</u>
\$ 2,036,479,322	\$ 1,886,033,923	\$ 1,742,126,090	\$ 1,710,015,057	\$ 1,756,604,647
2.14%	2.22%	2.29%	2.25%	2.15%
26,969	28,497	29,057	29,514	30,255
\$ 1,613	\$ 1,467	\$ 1,374	\$ 1,305	\$ 1,248

Charter Township of Northville

Debt Capacity Ratios of General Bonded Debt Outstanding (Unaudited)

Fiscal Year	Tax - Limited		Less Amounts		Total	Taxable Value	Debt as a Percentage of Taxable Value	Population (2)	Debt per Capita
	General Obligation Bonds (LTGO)	Bonds Supported Tax Supported Bonds (UTGO)	Available in Debt Service Fund (1)						
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	
2013	12,653,929	18,955,000	1,207,110	30,401,819	1,756,604,647	1.73	30,255	1,005	

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	\$ 69,535,000	65.63	\$ 45,635,821
Plymouth-Canton District	228,971,000	2.68	6,136,423
Wayne County	365,780,285	4.49	16,423,535
Schoolcraft Community College	18,000,000	14.30	2,574,000
Northville District Library	860,000	84.25	<u>724,550</u>
 Total overlapping debt			 71,494,328
 Direct Township debt (1)			 <u>31,043,929</u>
 Total direct and overlapping debt			 <u>\$102,538,257</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

	2004	2005	2006
Calculation of Debt Limit			
State equalized valuation (2)	\$ 1,709,609,876	\$ 1,888,120,907	\$ 2,051,770,547
Assessed value equivalent of Act 198 exemptions (1)	<u>813,700</u>	<u>2,527,800</u>	<u>10,767,900</u>
Debt limit (10% of SEV)	171,042,358	189,064,871	206,253,845
Calculation of Debt Subject to Limit			
Total debt	19,250,012	18,222,809	17,326,357
Less special assessment bonds	<u>450,000</u>	<u>105,000</u>	<u>75,000</u>
Net debt subject to limit	<u>18,800,012</u>	<u>18,117,809</u>	<u>17,251,357</u>
Legal debt margin	<u>\$ 152,242,346</u>	<u>\$ 170,947,062</u>	<u>\$ 189,002,488</u>
Net Debt Subject to Limit as Percent of Debt Limit	10.99%	9.58%	8.36%

(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)**

2007	2008	2009	2010	2011	2012	2013
\$ 2,254,275,696	\$ 2,356,196,789	\$ 2,227,724,000	\$ 2,006,440,913	\$ 1,817,740,850	\$ 1,764,076,740	\$ 1,836,113,250
<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>	<u>15,458,000</u>
226,549,450	236,477,239	223,406,110	202,118,254	183,709,055	177,727,424	185,157,125
21,537,324	20,635,000	43,505,000	41,810,000	39,935,000	38,516,545	37,745,734
<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>485,000</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>37,260,734</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>	<u>\$ 147,896,391</u>
9.48%	8.71%	19.18%	20.39%	21.43%	21.38%	20.12%

Charter Township of Northville

Pledged Revenue Last Ten Fiscal Years (Unaudited)

Fiscal Year	Special Assessment Bonds			
	Debt Service			
	Special Assessment Collections	Principal	Interest	Coverage
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%
2013	127,396	40,000	21,648	0.21%

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
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
2013	30,255	*	*	1.80

* 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>2013 Employees</u>	<u>2004 Employees</u>
1 Meijer, Inc.	750 *	750
2 ZF Group North American	300	-
3 Hayes Lemmerz International	175	250
4 Kohl's	135	135

* 2013 Michigan Manufacturers Directory

Charter Township of Northville

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Manager's office	2	2	2	2	2	1	1	1	1	1
Treasurer department *	7	7	7	7	7	7	7	6.5	6.5	6.5
Human resources	1	1	1	1	1	1	1	1	1	1
Information technology	1	1	1	1	1	1	-	2	1	1
Clerk's department	3	3	3	4	4	4	4	4	4	4
Police department	47	49	51	53	53	47	47	47	43.5	44
Fire department	18	18	23	30	30	27	27	28	28	32
Building department *	8	8	10	7	7	7	4	3.5	5	5
Department of Public Services	16	18	17	19	19	19	19	18	16	16
Planning department *	3	3	4	3	3	3	3	2	1.5	1.5
Youth assistance	1	1	1	1	1	1	1	1	1	1
Total	<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>108.5</u>	<u>113</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	2004	2005	2006	2007
Clerk's				
Election data			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.	5-8-07 Sch.
Registered voters			18,813	19,543
Voters at polls			733	764
Absentee ballots			1,492	1,549
Percent voting			12.00%	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)

2008	2009	2010	2011	2012	2013
1-15-08 PP			2-28-12 PP		
19,745				21,665	
1,459				3,117	
4,260				2,676	
29.00%				27.00%	
5-3-11 Sch.					
19,305					
1,799					
2,121					
20.00%					
8-5-08 Prim	8-4-09 Spec.	8-3-10 Prim		9-5-12 Spec.	5-7-13 Sch.
20,261	20,379	20,904		22,119	1,987
2,953	3,127	4,092		578	45
2,630	2,844	3,027		2,022	269
28.00%	29.00%	34.00%		12.00%	16.00%
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	2004	2005	2006	2007
Election Data				
Registered voters				
Voters at polls				
Absentee ballots				
Percent voting				
General Government				
Building Permits Issued				
Number of Building Inspections				
New Residential Building Permits				
Public Services				
Solid Waste				
Solid Waste Collected and Disposed (Tons)				
Single Stream Recycling (Tons)				
Yard Waste (Tons)				
Wastewater				
Sewer Line Cleaned (miles)				
Sewer Structures Inspected				
Sewer Structures Repaired				
Water				
Number of Meter Readings				
Water Meters Installed				
Fire Hydrants Inspected and Tested				
Police				
Crime data for 2012:				
Part A crimes	941	841	936	781
Part B crimes	633	367	318	215
Traffic crashes involving fatalities	-	-	-	3
Traffic crashes involving injuries	90	98	122	107
Property damage crashes	388	409	419	392
Parking violations	213	251	143	159
Moving traffic violations	5,445	5,034	5,654	5,633
Adult arrests	-	-	-	-
Juvenile arrests	-	-	-	-
OUIL arrests	158	106	119	94
False alarms	-	-	-	-
Fire				
Total fire calls	1,764	1,941	2,146	2,066
Fire incidents	47	38	46	35
Service incidents	542	533	605	567
Fire inspections conducted	-	-	-	-

Operating Information
Operating Indicators
(Unaudited) (Continued)

2008	2009	2010	2011	2012	2013
				9-5-12 Spec.	
				22,119	
				578	
				2,022	
				12.00%	
					2,495
					6,713
					85
					6,319
					1,777
					3,107
					22
					290
					7
					49,578
					100
					921
901	933	880	814	776	822
289	242	285	214	233	264
-	-	-	3	3	-
86	91	82	74	87	92
328	374	353	357	461	394
129	165	126	167	61	96
5,270	5,470	4,971	4,934	4,563	4,289
730	644	899	764	817	679
42	55	72	55	47	28
130	139	147	72	80	101
-	-	-	1,164	1,273	1,315
2,054	2,136	2,334	2,307	2,334	2,600
39	50	26	35	46	53
621	502	547	527	524	557
-	-	-	-	-	97

Charter Township of Northville

Function/Program	2004	2005	2006	2007
Water and Sewer				
Customers:				
Residential	6,144	6,334	6,788	6,883
Commercial	955	991	1,029	1,047
Water (in thousand gallons):				
Purchased from Detroit	1,169,254	1,368,635	1,220,883	1,369,911
Sold to residents	1,092,530	1,238,045	1,155,062	1,316,352
Rates				
Flat rate sewer (min. 25,000 gals (2))	\$ 78.75	\$ 83.00	\$ 86.00	\$ 90.25
Water rate per 1,000 gallons	\$ 3.36	\$ 3.60	\$ 3.73	\$ 3.90
Sewer rate per 1,000 gallons	\$ 3.15	\$ 3.32	\$ 3.44	\$ 3.61

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

2008	2009	2010	2011	2012	2013
6,979	7,004	7,109	7,200	7,332	7,430
1,059	1,060	1,061	1,055	1,059	1,061
1,300,041	1,242,248	1,166,527	1,196,646	1,305,133	1,078,321
1,185,099	1,052,344	1,040,398	1,068,677	1,223,513	1,006,256
\$ 94.25	\$ 98.00	\$ 103.00	\$ 109.25	\$ 114.75	\$ 120.49
\$ 4.08	\$ 4.24	\$ 4.45	\$ 4.71	\$ 4.94	\$ 5.19
\$ 3.77	\$ 3.92	\$ 4.12	\$ 4.37	\$ 4.59	\$ 4.82

