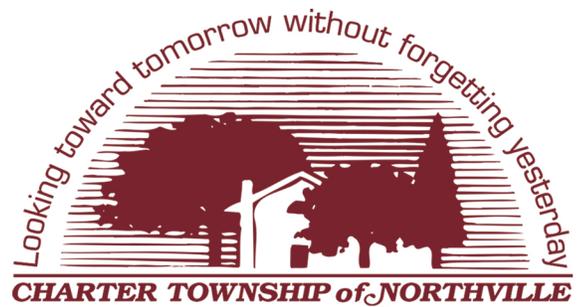


ABILITY • QUALITY OF LIFE
RECREATION
COMMUNITY
GENERATIONS
GROWTH
SECURITY & SECURITY
LEADERSHIP
CITIZEN FOCUSED
INFRASTRUCTURE
RESPONSIBLE



A Commitment TO SERVICE



**2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

Charter Township of Northville, Michigan

Charter Township of Northville

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
December 31, 2015**

Charter Township of Northville

Contents

Introductory Section

| | |
|---------------------------------|------|
| Letter of Transmittal | i-vi |
| GFOA Certificate of Achievement | vii |
| Organization Chart | viii |
| List of Principal Officials | ix |
| Fund Organization Chart | x |

Financial Section

| | |
|--------------------------------------|------|
| Report Letter | 1-3 |
| Management's Discussion and Analysis | 4-14 |

Basic Financial Statements

Government-wide Financial Statements:

| | |
|---------------------------|-------|
| Statement of Net Position | 15-16 |
| Statement of Activities | 17-18 |

Fund Financial Statements:

Governmental Funds:

| | |
|---|----|
| Balance Sheet | 19 |
| Reconciliation of the Fund Balances to the Statement of Net Position | 20 |
| Statement of Revenue, Expenditures, and Changes in Fund Balances | 21 |
| Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 22 |

Proprietary Funds:

| | |
|---|----|
| Statement of Net Position | 23 |
| Statement of Revenue, Expenses, and Changes in Net Position | 24 |
| Statement of Cash Flows | 25 |

| | |
|---|----|
| Fiduciary Funds - Statement of Fiduciary Net Position | 26 |
|---|----|

Component Units:

| | |
|---------------------------|----|
| Statement of Net Position | 27 |
| Statement of Activities | 28 |

| | |
|-------------------------------|-------|
| Notes to Financial Statements | 29-56 |
|-------------------------------|-------|

Charter Township of Northville

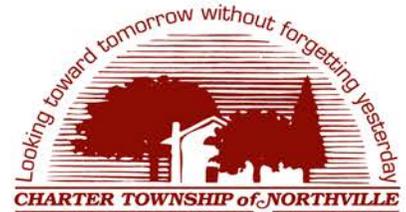
Contents (Continued)

| | |
|--|-------|
| Required Supplemental Information | 57 |
| Budgetary Comparison Schedule - General Fund | 58 |
| Budgetary Comparison Schedule - Major Special Revenue Funds | 59 |
| Note to Required Supplemental Information | 60-61 |
| Schedule of Changes in the Township Net Pension Liability and Related Ratios | 62 |
| Schedule of Township Pension Contributions | 63 |
| Other Postemployment Benefits System Schedule | 64 |
| | |
| Other Supplemental Information | 65 |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet | 66-67 |
| Combining Statement of Revenue, Expenditures, and Changes in Fund Balances | 68-69 |
| Budgetary Comparison Schedule - Nonmajor Special Revenue Funds | 70-71 |
| Agency Funds: | |
| Combining Statement of Assets and Liabilities | 72 |
| Combining Statement of Changes in Assets and Liabilities | 73 |

Charter Township of Northville

Contents (Continued)

| | |
|--|---------|
| <u>Statistical Section</u> | 74 |
| Financial Trend Information: | 75 |
| Net Position by Component | 76-77 |
| Changes in Governmental and Business-type Net Position | 78-81 |
| Fund Balances - Governmental Funds | 82-83 |
| Changes in Fund Balances - Governmental Funds | 84-85 |
| Revenue Capacity Information: | 86 |
| Taxable Value of Township Property | 87-88 |
| Tax Rate History of Direct and Overlapping Governments | 89-90 |
| Principal Taxpayers | 91 |
| General Fund Governmental Revenue by Function | 92 |
| Debt Capacity Information: | 93 |
| Ratios of Outstanding Debt | 94-95 |
| Ratios of General Bonded Debt Outstanding | 96 |
| Direct and Overlapping Debt | 97 |
| Legal Debt Margin | 98-99 |
| Pledged Revenue | 100 |
| Demographic and Economic Information: | 101 |
| Demographic and Economic Statistics | 102 |
| Principal Employers | 103 |
| Full-time Equivalent Government Employees | 104 |
| Operating Information: | 105 |
| Operating Indicators | 106-109 |
| Capital Asset Statistics | 110-111 |



March 18, 2016

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, 2015. 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.

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.

New Pension Reporting Requirements

The Township of Northville implemented the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year ending December 31, 2015. Statement No. 68 requires governments providing defined benefit pensions to 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. Further discussion regarding the financial impact of GASB 68 can be found in the MD&A letter immediately following the report of the independent auditors.

Profile of the Government

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

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

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

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

Factors affecting financial condition

Standard & Poor's Rating Service recently raised Northville Township's long-term general obligation bond rating to a "AA+" citing the stability of the Township's financial outlook. This rating places Northville Township in an elite group with only 49 communities throughout the state receiving a AA+ rating or better. S&P assigns

AA+ ratings to communities that have a very strong capacity to meet their financial commitments.

The strong rating demonstrates the Township Board's continued commitment and wisdom in overseeing township government and reflects the continuing cooperation between our Directors and the Board of Trustees. S&P officials listed several reasons for the upgrade, including strong management with good financial policies and practices. These policies serve as a guide in the decision making process and were established to ensure:

- Reserves aren't used to fund recurring expenditures therefore prohibiting unsustainable uses of fund balance.
- Strategic long-term policy decisions are properly identified.
- Capital improvement projects are carefully planned and funded.

The agency credits Northville Township for its transparency in financial reporting, updating the three-year financial forecast and capital improvement plan annually. S&P's upgraded rating also reflects the Township's strong budgetary performance and strong liquidity.

The AA+ bond rating confirms the Township's ability to effectively manage financial resources, making it an attractive destination for both new business and residential development.

The AA+ rating is also a sign of financial stability with good management systems in place and a strong set of fiscal policies established by the Board. 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 181% of the national average. The 2010 Census reports Northville Township's population at 28,497, which represents a 35% increase from the 2000 Census population of 21,036.

In Standard & Poor's view, Northville Charter's debt and contingent liability profile is adequate. Total governmental fund debt service is 15% of total governmental fund expenditures, and net direct debt is 116% of total governmental fund revenue.

Long-term financial planning and major initiatives

One of the largest sources of revenue for the Township remains property taxes. To maintain existing services levels within the Township, Northville Township residents approved both a millage renewal and a 1.25 mill increase dedicated specifically for public safety and 0.30 mills for shared services. This approval reflects the public's confidence in the continued commitment to provide quality and dependable services by the dedicated staff of this Township.

A capital needs assessment was recently completed for Township Hall, Police, Fire and the Department of Public Services facilities. The assessment was conducted for the purpose of:

- Reviewing the physical condition of each site and structure within the Township.
- Determining the capital improvement needs of each respective Township facility, equipment, systems and structural elements over a 20-year period, including non-dwelling components such as parking lots and common areas.
- Estimating the projected costs of recommended capital improvements, major repairs, and replacement of appliances, taking into account such variables as standard rates of inflation.
- Creating building reserves to ensure that funds have been provided for the inevitable need to reinvest in the Township's facilities.

The Township now follows a capital renewal and replacement program that budgets for known cyclic repair and replacement requirements that extend the life and retain usable condition of facilities and systems. By planning ahead and systematically saving for future capital needs, the Township can help mitigate the financial impact of major, nonrecurring expenditures on future budgets.

Managing the Township's Long-Term Legacy Costs

The fundamental financial objective of the Township is to effectively manage and fund the long-term costs for both its defined benefit pension and retiree health care plan. To ensure sustainability, the target funded ratio for public pensions based on a recent Government Finance Officers Association industry best practice recommends that public officials and associated trustees should, at a minimum, adopt a funding policy with a target funded ratio of 100% or more (full funding).

Relevant Financial Policies

Included in the 2015 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.

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:

- departments are actively engaged in determining demand for services
- flexibility and collaboration when responding to program revenue shortfalls

The ***Northville Township Water & Sewer Fund Fiscal Policy*** was recently adopted by the Board of Trustees and establishes recommended reserve levels and continues the Board's vision to set in writing the **framework** for the overall fiscal management of the Township to ensure the highest standards of financial stewardship are followed. A written and adopted Reserve Fund Policy provides for and facilitates attainment of program and financial goals relative to the prudent accumulation and management of designated reserves and reserve funds. It is the intent of the Reserve Fund Policy to set target levels for reserves that are consistent with the Township's overall financial framework.

Internal Controls

In developing and evaluating the Township's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Township's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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, 2014. This represents the third consecutive year 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,

A handwritten signature in cursive script that reads "Marina Neumaier".

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, 2014

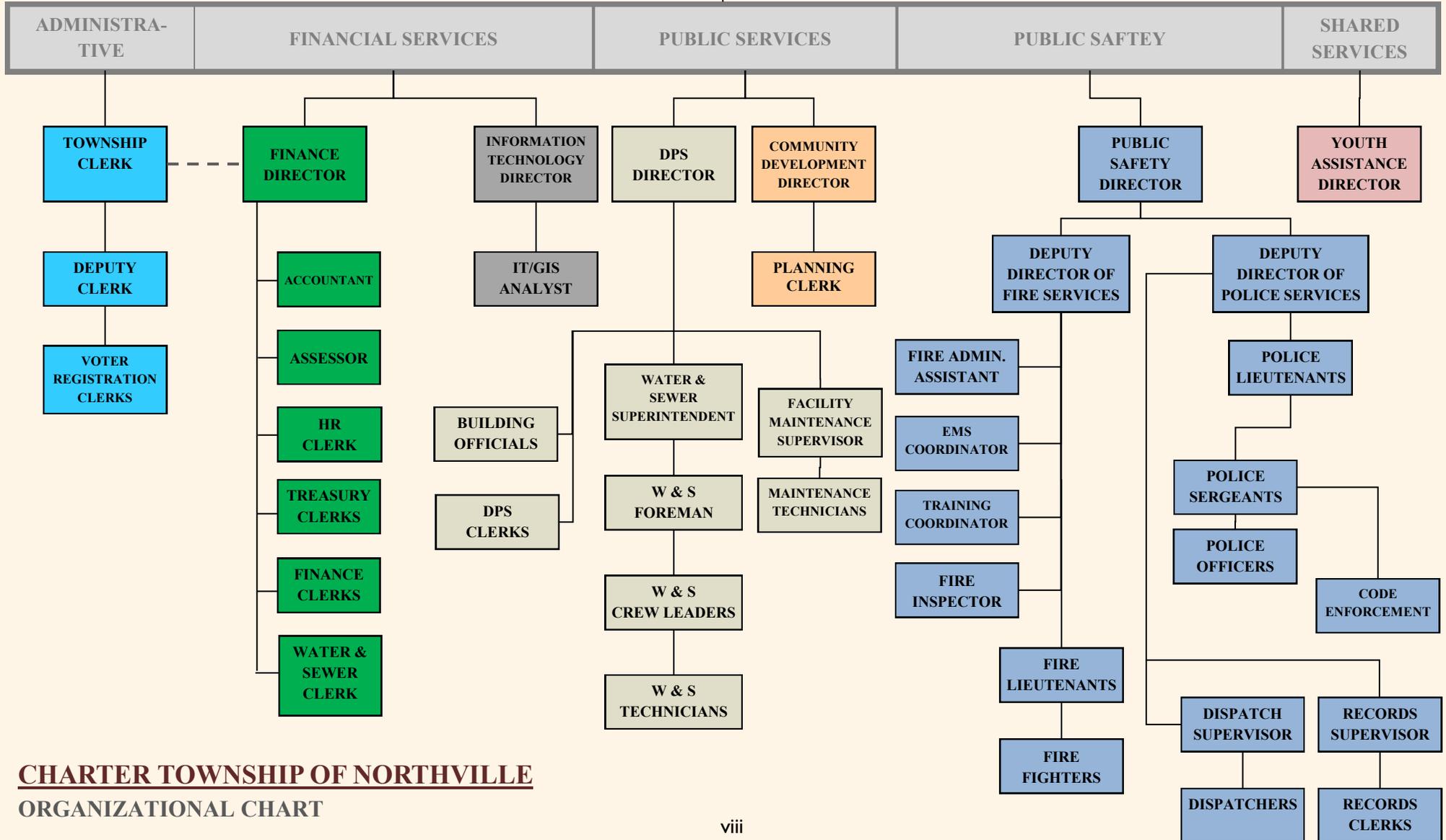
Executive Director/CEO

CITIZENS OF NORTHVILLE TOWNSHIP

BOARD OF TRUSTEES

TOWNSHIP MANAGER

ASSISTANT TOWNSHIP MANAGER



Township of Northville, Michigan

List of Principal Officials

December 31, 2015

| 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 |
| Assistant Township Manager | Debra Wilhelm |
| Public Safety Director | John Werth |
| Director of Public Services | Thomas A. Casari |
| Finance Director | Marina Neumaier |
| Director of Information Technology | Shaun J. Nicoloff |
| Community Development Director | Jennifer Frey |
| Director, Northville Youth Assistance | Susan Campbell |

Northville Township, Michigan
Fund Organization Chart

Governmental Funds

| | |
|--|---|
| <u>General Fund</u> | <u>Capital Projects Fund</u> |
| <u>Debt Service Funds</u> | <u>Special Revenue Funds</u> |
| Land Acquisition Edenderry Paving SAD 2012 Refunding Debt Seven Mile Road Property Purchase | Public Safety Shared Services Community Development Block Grant Youth Assistance |

Proprietary Fund - Enterprise Funds

| |
|--------------------------------|
| Water and Sewer Solid Waste |
|--------------------------------|

Fiduciary Funds

| | | |
|-------------------------------|---------------------|--------|
| Tax Collection Fund Agency | <u>Agency Funds</u> | Escrow |
|-------------------------------|---------------------|--------|

Component Unit

| | |
|----------------------------------|------------------------------------|
| Economic Development Corporation | Brownfield Redevelopment Authority |
|----------------------------------|------------------------------------|

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 units, 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, 2015 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. 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 units, each major fund, and the aggregate fund information of the Charter Township of Northville as of December 31, 2015 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Charter Township of Northville

Emphasis of Matter

As discussed in Note I to the basic financial statements, during the year ended Decemeber 31, 2015, the Township adopted provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

Other Matters

Required 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 major special revenue funds, schedule of changes in the township net pension liability and related ratios, schedule of township pension contributions, other postemployment benefits system schedule, 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 and budgetary comparison schedules for nonmajor governmental funds, and the fiduciary funds combining statement of assets and liabilities and agency funds statement of changes in assets and liabilities, as identified in the table of contents, and the introductory section 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 and budgetary comparison schedules for nonmajor governmental funds, and the fiduciary funds combining statement of assets and liabilities and agency funds statement of changes in assets and liabilities, as identified in the table of contents, 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 and budgetary comparison schedules for nonmajor governmental funds, and the fiduciary funds combining statement of assets and liabilities and agency funds statement of changes in assets and liabilities, as identified in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Charter Township of Northville

The introductory section 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.

Plante & Morse, PLLC

March 18, 2016

Township of Northville, Michigan

Management's Discussion and Analysis

The Charter Township of Northville's (the "Township") discussion and analysis is a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2015. 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, 2015 by \$123,986,543 (net position). Included in this amount is \$8,041,009 of unrestricted net position related specifically to governmental activities and represents the amount that may be used to meet the Township's ongoing obligations, without legal restrictions.
- * The Township's total combined net position for both governmental and business-type activities decreased during the year by \$2,700,686. The implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* in the current year drove the decline in the Township's net position. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability. As a result of implementing this statement, the beginning unrestricted net position was reduced by \$9,557,864. The Township's net pension obligation was reduced by \$711,217 during the year as a result of additional pension contributions made during 2014.
- * As of December 31, 2015, the Township's governmental funds reported combined ending fund balances of \$17,316,478. Fund balance of the General Fund totaled \$9,166,985 at December 31, 2015, an increase of \$1,282,807 in comparison with the prior year. Of this amount, \$8,458,234 is not restricted as to use.
- * The Township's total direct debt of \$33,217,431 was reduced by \$2,243,977 as of December 31, 2015. During the year, the Board of Trustees authorized staff to move forward with the refunding of the Township's 2007 Capital Improvement Bonds. The refunding reduced total debt service payments over the next ten years by \$361,073 which represents an economic gain of \$260,529.

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 composed 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 supplementary information, in addition to the basic financial statements.

Township of Northville, Michigan Management's Discussion and Analysis

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

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 to which 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 Statement 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.

Township of Northville, Michigan Management's Discussion and Analysis

Governmental Funds - The Township of Northville maintains ten individual governmental funds. The governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances present separate columns of financial data for the General Fund, Public Safety, and the Seven Mile Road Property Purchase Fund. These funds are considered major funds as of December 31, 2015. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in the other supplemental information section of this report.

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

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

Township of Northville, Michigan

Management's Discussion and Analysis

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

Government-wide Financial Analysis

Statement of Net Position - As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The Township's total assets and deferred outflows exceeded its liabilities and deferred inflows by \$123,986,543 (net position) at the close of December 31, 2015. The following table shows, in a condensed format, the Township's net position as of December 31, 2015 and 2014:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Assets | | | | | | |
| Current and other assets | \$ 40,886,131 | \$ 39,370,613 | \$ 37,169,176 | \$ 35,956,045 | \$ 78,055,307 | \$ 75,326,658 |
| Capital assets | <u>54,515,862</u> | <u>54,489,988</u> | <u>52,507,978</u> | <u>52,974,275</u> | <u>107,023,840</u> | <u>107,464,263</u> |
| Total assets | 95,401,993 | 93,860,601 | 89,677,154 | 88,930,320 | 185,079,147 | 182,790,921 |
| Deferred Outflows of Resources | | | | | | |
| Bond refunding excess escrow deposit | 280,705 | 320,806 | 223,054 | - | 503,759 | 320,806 |
| Deferred outflows related to pension | <u>2,611,806</u> | <u>-</u> | <u>278,492</u> | <u>-</u> | <u>2,890,298</u> | <u>-</u> |
| Total deferred outflows of resources | 2,892,511 | 320,806 | 501,546 | - | 3,394,057 | 320,806 |
| Liabilities | | | | | | |
| Current liabilities | 886,263 | 1,195,907 | 1,330,676 | 1,834,151 | 2,216,939 | 3,030,058 |
| Long-term liabilities | <u>38,003,233</u> | <u>30,727,303</u> | <u>7,585,392</u> | <u>6,561,775</u> | <u>45,588,625</u> | <u>37,289,078</u> |
| Total liabilities | 38,889,496 | 31,923,210 | 8,916,068 | 8,395,926 | 47,805,564 | 40,319,136 |
| Deferred Inflows of Resources | | | | | | |
| Resources - Property taxes levied for the following year | <u>16,681,097</u> | <u>16,105,362</u> | <u>-</u> | <u>-</u> | <u>16,681,097</u> | <u>16,105,362</u> |
| Net Position - Net investment in | | | | | | |
| capital assets | 27,791,289 | 25,741,191 | 46,295,825 | 46,582,470 | 74,087,114 | 72,323,661 |
| Restricted | 6,891,613 | 5,641,118 | - | - | 6,891,613 | 5,641,118 |
| Unrestricted | <u>8,041,009</u> | <u>14,770,526</u> | <u>34,966,807</u> | <u>33,951,924</u> | <u>43,007,816</u> | <u>48,722,450</u> |
| Total net position | <u>\$ 42,723,911</u> | <u>\$ 46,152,835</u> | <u>\$ 81,262,632</u> | <u>\$ 80,534,394</u> | <u>\$ 123,986,543</u> | <u>\$ 126,687,229</u> |

Over 60% of the Township's net position reflects 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 \$8,041,009 represents the amount that may be used to meet the Township's ongoing obligations, without legal restrictions.

Township of Northville, Michigan Management's Discussion and Analysis

Changes in Net Position – In total, governmental activities decreased the Township's net position by \$3,428,924. While total revenues for the year exceeded expenses by \$5,274,354, beginning net position was reduced by \$8,703,278 as a result of implementing the new pension accounting requirements as previously discussed.

Key elements in the Township's change in net position are shown in the following table:

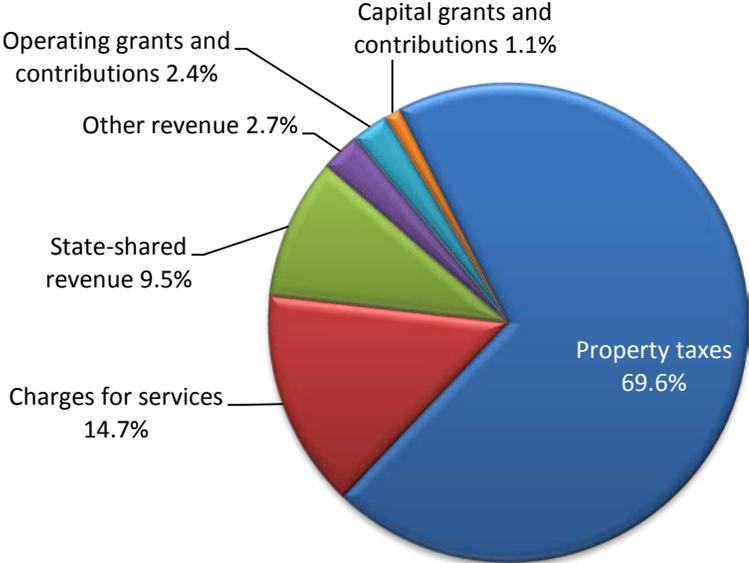
| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 3,415,000 | \$ 3,363,730 | \$ 14,530,042 | \$ 11,603,584 | \$ 17,945,042 | \$ 14,967,314 |
| Operating grants and contributions | 569,297 | 696,401 | - | - | 569,297 | 696,401 |
| Capital grants and contributions | 245,651 | 244,931 | 2,571,952 | 2,570,173 | 2,817,603 | 2,815,104 |
| General revenue: | | | | | | |
| Property taxes | 16,222,255 | 12,941,502 | - | - | 16,222,255 | 12,941,502 |
| State-shared revenue | 2,219,929 | 2,214,975 | - | - | 2,219,929 | 2,214,975 |
| Net investment income | 79,256 | 124,336 | 406,748 | 985,622 | 486,004 | 1,109,958 |
| Other miscellaneous income | 532,555 | 893,758 | - | - | 532,555 | 893,758 |
| Gain on sale of fixed assets | 7,197 | 64,617 | - | - | 7,197 | 64,617 |
| Total revenue | 23,291,140 | 20,544,250 | 17,508,742 | 15,159,379 | 40,799,882 | 35,703,629 |
| Expenses | | | | | | |
| General government | 3,433,997 | 2,854,999 | - | - | 3,433,997 | 2,854,999 |
| Public safety: | | | | | | |
| Police and fire | 11,073,853 | 11,157,575 | - | - | 11,073,853 | 11,157,575 |
| Building department | 642,982 | 574,795 | - | - | 642,982 | 574,795 |
| Community and economic development | 217,583 | 186,394 | - | - | 217,583 | 186,394 |
| Recreation and culture | 1,587,317 | 1,436,843 | - | - | 1,587,317 | 1,436,843 |
| Interest on long-term debt | 1,061,054 | 1,118,780 | - | - | 1,061,054 | 1,118,780 |
| Solid waste | - | - | 1,145,022 | 1,133,997 | 1,145,022 | 1,133,997 |
| Water and sewer | - | - | 14,780,896 | 13,909,882 | 14,780,896 | 13,909,882 |
| Total expenses | 18,016,786 | 17,329,386 | 15,925,918 | 15,043,879 | 33,942,704 | 32,373,265 |
| Change in Net Position | 5,274,354 | 3,214,864 | 1,582,824 | 115,500 | 6,857,178 | 3,330,364 |
| Net Position - Beginning of year - as restated | 37,449,557 * | 42,937,971 | 79,679,808 * | 80,418,894 | 117,129,365 * | 123,356,865 |
| Net Position - End of year | \$ 42,723,911 | \$ 46,152,835 | \$ 81,262,632 | \$ 80,534,394 | \$ 123,986,543 | \$ 126,687,229 |

*Restated for GASB 68, see Note 1

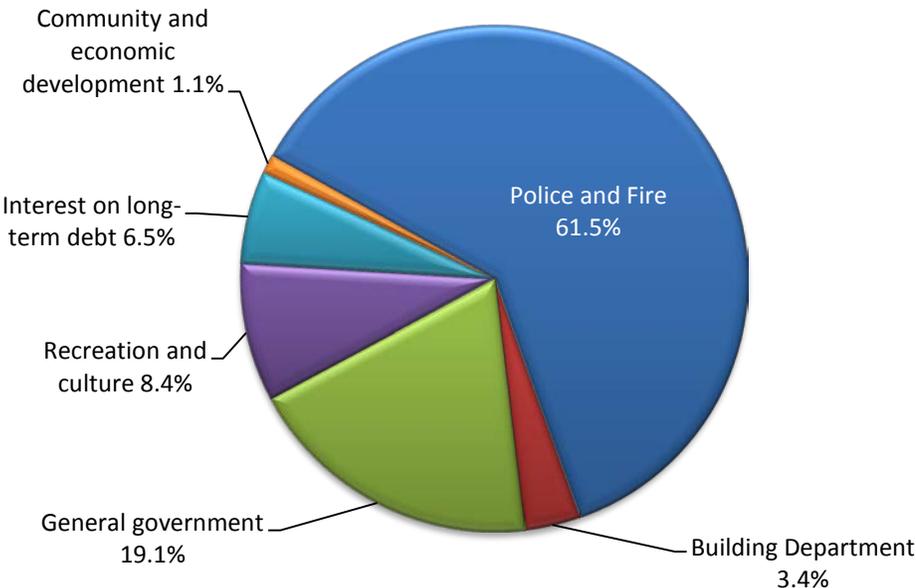
Township of Northville, Michigan Management's Discussion and Analysis

Governmental Activities - Program revenue, which includes user fees and charges and restricted operating and capital grants and contributions, represents 18.2 percent of total governmental revenue sources. Program revenue 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

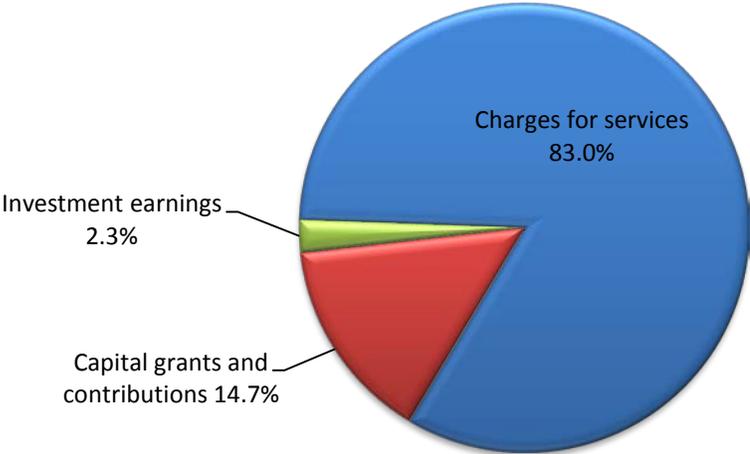


Township of Northville, Michigan Management's Discussion and Analysis

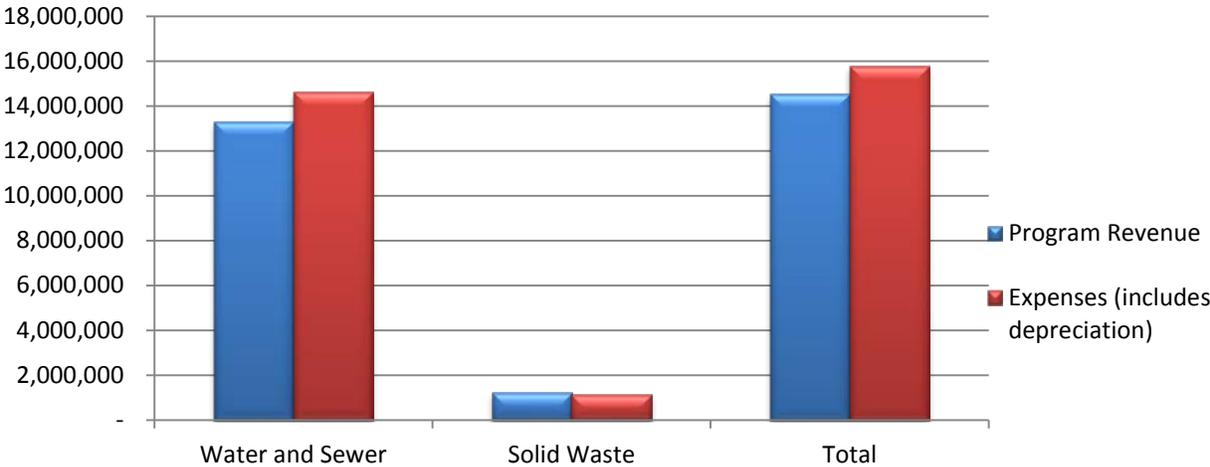
Business-type Activities - Business-type activities realized an increase in net position of \$728,238 which represents a growth of 1% from the prior year. While total revenue for the year exceeded expenses by \$1,582,824, beginning net position was reduced by \$854,586 as a result of implementing the new pension accounting requirements as previously discussed. This overall increase in net position is the result of \$874,437 in water and sewer lines donated by developers and recognized as non-operating revenue in the Water and Sewer Fund.

The Township's funds are invested in a variety of instruments including money market accounts, certificates of deposit, and agencies. The primary focus and order of priority is security, risk, and then yield. The "mark to market" pricing of treasuries within the Township's portfolio has resulted in an unrealized gain of \$119,169 in our Water and Sewer Fund.

Revenue by Source - Business-type Activities



Expenses and Program Revenue - Business-type Activities



Township of Northville, Michigan Management's Discussion and Analysis

Financial Analysis of the Township's Funds

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

- * As of December 31, 2015, the Township's governmental funds reported combined ending fund balances of \$17,316,478. Fund balance of the General Fund totaled \$9,166,985 at December 31, 2015, an increase of \$1,282,807 in comparison with the prior year. Of this amount, \$8,458,234 is not restricted as to use.

Total property tax revenue increased by \$3.3 million from the prior year and represents 69.5% of the total revenue source for all Governmental Funds within the Township. The largest component of the Township's total property tax millage is dedicated solely for Public Safety. The increase in property tax revenue reflects a millage increase of 1.55 mills. The Township has separately voted public safety, shared services and general voted millage rates. Northville Township residents approved both a millage renewal and a 1.25 mill increase dedicated specifically for public safety and 0.30 mills for shared services. This approval reflects the public's confidence in the continued commitment to provide quality and dependable services by the dedicated staff of this Township.

Proprietary Funds - The operating revenue of the Water and Sewer Fund continues to fall short of operating expenses. For the year ended December 31, 2015, the fund reported an operating loss of over \$1.3 million. Cash reserves totaling \$1.3 were used during the year to subsidize operating and related capital activities. During 2015, the Township was notified by the Detroit Water and Sewerage Department (DWSD) that while their management team proposed a budget that is within DWSD's pledge to cap their revenue increase requirement at 4%, the declining volumes as a result of two years of mild summers would require an increase to the fixed rate wholesale charge. The DWSD FY 2015-16 fixed rate charge assessed against Northville Township increased by 89.7% moving from \$156,860/month to \$297,500/month.

The ***Northville Township Water and Sewer Fund Fiscal Policy*** was recently adopted by the Board of Trustees and establishes recommended reserve levels and continues the Board's vision to set in writing the framework for the overall fiscal management of the Township. Working capital reserves will be closely monitored to ensure that recurring revenues, including user rates, are adequate to fund recurring operating expenses.

General Fund Budgetary Highlights

The Township's budget results for the fiscal year ended December 31, 2015 were better than anticipated for the General Fund. In total, revenue outperformed ***amended budget estimates for the year by \$166,510 or 2.8%***, primarily a result of the following:

- The recognition of over \$300,000 in building permit revenue received during 4th quarter 2015 related primarily to the Cedarbrook of Northville Assisted Living Development project.

Township of Northville, Michigan Management's Discussion and Analysis

- The Michigan Municipal Risk Management Authority paid \$279,610 to the Township during 4th quarter and represents the distribution of net assets from the State Pool Member's account in excess of the required balance. Proceeds of this distribution included \$51,780 allocated to the General Fund.
- The Township received \$51,000 during the year as reimbursement for costs incurred by the Clerk's Department to conduct both the May 5th and November 3rd special elections.

The Township's General Fund expenditures as of December 31, 2015 were ***under budget in total by \$477,177 or 9.1%***. During the year, the Township did not incur expenditures that were in excess of the amounts budgeted.

Public Safety Budgetary Highlights

The Township's budget results for the fiscal year ended December 31, 2015 were better than anticipated for the Public Safety Fund. In total, revenue outperformed ***amended budget estimates for the year by \$445,233 or 3.5%***, primarily a result of the following:

- The recognition of \$105,000 in drug forfeiture receipts during the year. In accordance with the Department of Justice Asset Forfeiture Program, "***Guide to Equitable Sharing for State and Local Law Enforcement Agencies***": Anticipated shared property should not be budgeted in advance. Therefore, a budget amendment is necessary to reflect both the revenue and expenditure of forfeiture funds during the year.
- The Michigan Municipal Risk Management Authority paid \$279,610 to the Township during 4th quarter and represents the distribution of net assets from the State Pool Member's account in excess of the required balance. Proceeds of this distribution included \$160,520 allocated to the Public Safety Fund.

The Township's Public Safety Fund expenditures as of December 31, 2015 were ***under budget in total by \$479,041 or 3.9%***. This is primarily a result of savings from several vacant positions in both police and fire in 2015. During the year, the Township did not incur expenditures that were in excess of the amounts budgeted.

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, 2015 totals \$107,023,840 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, machinery and equipment, infrastructure, and construction in progress.

Township of Northville, Michigan Management's Discussion and Analysis

The following table is a comparison of the summary information for the fiscal years ended December 30, 2015 and 2014:

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 41,179,906 | \$ 40,846,521 | \$ - | \$ - | \$ 41,179,906 | \$ 40,846,521 |
| Bike paths | 1,214,398 | 1,344,258 | - | - | 1,214,398 | 1,344,258 |
| Buildings and improvements | 10,905,815 | 11,348,660 | 329,591 | 391,582 | 11,235,406 | 11,740,242 |
| Vehicles and equipment | 766,982 | 654,767 | 592,362 | 836,826 | 1,359,344 | 1,491,593 |
| Furniture and equipment | 390,601 | 231,881 | - | - | 390,601 | 231,881 |
| Computer equipment | 58,160 | 63,901 | - | - | 58,160 | 63,901 |
| Infrastructure | - | - | 51,586,025 | 51,716,253 | 51,586,025 | 51,716,253 |
| Construction in progress | - | - | - | 29,615 | - | 29,615 |
| Total | \$ 54,515,862 | \$ 54,489,988 | \$ 52,507,978 | \$ 52,974,276 | \$ 107,023,840 | \$ 107,464,264 |

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

Long-term Debt - The following table is a comparison of the summary information for the fiscal years ended December 30, 2015 and 2014:

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General obligation bonds | \$ 26,600,278 | \$ 28,624,603 | \$ 4,880,348 | \$ 5,000,000 | \$ 31,480,626 | \$ 33,624,603 |
| Special assessment bonds | 405,000 | 445,000 | - | - | 405,000 | 445,000 |
| State revolving loan fund | - | - | 1,331,805 | 1,391,805 | 1,331,805 | 1,391,805 |
| Total bonds payable | 27,005,278 | 29,069,603 | 6,212,153 | 6,391,805 | 33,217,431 | 35,461,408 |
| Estimated self-insurance claims | 129,051 | 140,000 | - | - | 129,051 | 140,000 |
| Accumulated compensated absences | 1,501,770 | 1,517,700 | 166,930 | 169,970 | 1,668,700 | 1,687,670 |
| Total | \$ 28,636,099 | \$ 30,727,303 | \$ 6,379,083 | \$ 6,561,775 | \$ 35,015,182 | \$ 37,289,078 |

Additional information on the Township's long-term debt can be found in Note 8 of this report.

Township of Northville, Michigan
Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

Having the **vision** to set the framework for the overall fiscal management of the Township and the courage to stay on course

For 2016, Northville Township's financial plan includes:

An overall budget of \$36.5 million consisting of:

- Water and Sewer Fund operations totaling \$15 million.
- General Government expenditures totaling \$21.5 million.
- The 2016 Budget ***maintains the 2015 millage rate*** at 8.6564 mills.
- 2016 General Government expenditures totaling \$21.5 million are estimated to increase overall by less than 1% from 2015.
- No further reductions to full-time staff positions are proposed in 2016. The Township's overall workforce has now been reduced by 18 full-time positions or 14% since 2008.

All of the programs, activities, and projects in which we engage today form the foundation for our Township's future. By maintaining a strong public safety program, a financially sound infrastructure plan, responsive internal systems, and quality development standards, we will continue to make Northville Township's future strong and vibrant.

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 48167. You may also visit our website at www.twp.northville.mi.us or contact the Treasurer's Office directly at 248-348-5810.

Charter Township of Northville

Statement of Net Position December 31, 2015

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|---------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and investments | \$ 25,680,870 | \$ 2,566,476 | \$ 28,247,346 | \$ 236,485 |
| Receivables: | | | | |
| Taxes | 7,357,529 | - | 7,357,529 | 269,654 |
| Customers | - | 2,377,060 | 2,377,060 | - |
| Accrued interest receivable | - | 73,655 | 73,655 | - |
| Due from other governmental units | 1,170,706 | - | 1,170,706 | - |
| Special assessments receivable (Note 5) | 386,287 | 96,471 | 482,758 | - |
| Prepays and other assets | 403,988 | 106,936 | 510,924 | - |
| Cash segregated for capital reserves | - | 12,457,921 | 12,457,921 | - |
| Investment in joint venture (Note 13) | 2,981,538 | 19,069,645 | 22,051,183 | - |
| Capital assets: | | | | |
| Nondepreciable capital assets | 41,179,906 | - | 41,179,906 | - |
| Depreciable capital assets - Net | 13,335,956 | 52,507,978 | 65,843,934 | - |
| Other postemployment benefit asset (Note 12) | 2,905,213 | 421,012 | 3,326,225 | - |
| Total assets | 95,401,993 | 89,677,154 | 185,079,147 | 506,139 |
| Deferred Outflows of Resources | | | | |
| Bond refunding excess escrow deposit | 280,705 | 223,054 | 503,759 | - |
| Deferred outflows related to pension (Note 10) | 2,611,806 | 278,492 | 2,890,298 | - |
| Total deferred outflows of resources | 2,892,511 | 501,546 | 3,394,057 | - |
| Liabilities | | | | |
| Accounts payable | 451,672 | 1,274,508 | 1,726,180 | - |
| Accrued liabilities and other: | | | | |
| Accrued salaries and wages | 125,846 | 15,804 | 141,650 | - |
| Accrued interest payable | 270,745 | 40,364 | 311,109 | - |
| Unearned revenue | 38,000 | 207,508 | 245,508 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 2,953,191 | 435,000 | 3,388,191 | - |
| Due in more than one year: | | | | |
| Compensated absences | 652,630 | 71,930 | 724,560 | - |
| Net pension obligation (Note 10) | 9,367,134 | 998,801 | 10,365,935 | - |
| Long-term debt (Note 8) | 25,030,278 | 5,872,153 | 30,902,431 | - |
| Net position | 38,889,496 | 8,916,068 | 47,805,564 | - |

Charter Township of Northville

Statement of Net Position (Continued) December 31, 2015

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-----------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Deferred Inflows of Resources - | | | | |
| Property taxes levied for the following year | 16,681,097 | - | 16,681,097 | 269,654 |
| Net Position | | | | |
| Net investment in capital assets | 27,791,289 | 46,295,825 | 74,087,114 | - |
| Restricted for: | | | | |
| Drug forfeiture | 1,249,549 | - | 1,249,549 | - |
| Police and fire operations | 3,888,225 | - | 3,888,225 | - |
| Debt service | 390,854 | - | 390,854 | - |
| Contributions and donations | 6,225 | - | 6,225 | - |
| Youth assistance | 105,420 | - | 105,420 | - |
| Shared services | 841,876 | - | 841,876 | - |
| Special assessment - Capital projects | 116,964 | - | 116,964 | - |
| Special assessment - Debt service | 257,002 | - | 257,002 | - |
| Special assessment - Street lighting | 12,321 | - | 12,321 | - |
| Conrad charitable trust | 23,177 | - | 23,177 | - |
| Unrestricted | 8,041,009 | 34,966,807 | 43,007,816 | 236,485 |
| Total net position | \$ 42,723,911 | \$ 81,262,632 | \$ 123,986,543 | \$ 236,485 |

Charter Township of Northville

| Functions/Programs | Expenses | Program Revenue | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 3,433,997 | \$ 867,597 | \$ - | \$ - |
| Public safety: | | | | |
| Police and fire | 11,073,853 | 1,234,197 | 133,512 | 74,656 |
| Building department | 642,982 | 1,135,386 | - | - |
| Community and economic development | 217,583 | 114,522 | 301,933 | - |
| Recreation and culture | 1,587,317 | 63,298 | 133,852 | 170,995 |
| Interest on long-term debt | 1,061,054 | - | - | - |
| Total governmental activities | 18,016,786 | 3,415,000 | 569,297 | 245,651 |
| Business-type activities: | | | | |
| Water and sewer | 14,780,896 | 13,289,726 | - | 2,571,952 |
| Solid waste | 1,145,022 | 1,240,316 | - | - |
| Total business-type activities | 15,925,918 | 14,530,042 | - | 2,571,952 |
| Total primary government | <u>\$ 33,942,704</u> | <u>\$ 17,945,042</u> | <u>\$ 569,297</u> | <u>\$ 2,817,603</u> |
| Component units | | | | |
| Economic Development Corp | \$ - | \$ - | \$ - | \$ - |
| Brownfield Redevelopment Authority Fund | 298,570 | - | - | - |
| Total component units | <u>\$ 298,570</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| General revenue: | | | | |
| Property taxes | | | | |
| State-shared revenue | | | | |
| Net investment gain | | | | |
| Other miscellaneous income | | | | |
| Gain on sale of capital assets | | | | |
| Total general revenue | | | | |
| Change in Net Position | | | | |
| Net Position - Beginning of year (Note 1) | | | | |
| Net Position - End of year | | | | |

Statement of Activities
Year Ended December 31, 2015

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------------|-----------------------|--------------------|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| \$ (2,566,400) | \$ - | \$ (2,566,400) | \$ - |
| (9,631,488) | - | (9,631,488) | - |
| 492,404 | - | 492,404 | - |
| 198,872 | - | 198,872 | - |
| (1,219,172) | - | (1,219,172) | - |
| (1,061,054) | - | (1,061,054) | - |
| (13,786,838) | - | (13,786,838) | - |
| - | 1,080,782 | 1,080,782 | - |
| - | 95,294 | 95,294 | - |
| - | 1,176,076 | 1,176,076 | - |
| (13,786,838) | 1,176,076 | (12,610,762) | - |
| - | - | - | - |
| - | - | - | (298,570) |
| - | - | - | (298,570) |
| 16,222,255 | - | 16,222,255 | 533,952 |
| 2,219,929 | - | 2,219,929 | - |
| 79,256 | 406,748 | 486,004 | - |
| 532,555 | - | 532,555 | - |
| 7,197 | - | 7,197 | - |
| 19,061,192 | 406,748 | 19,467,940 | 533,952 |
| 5,274,354 | 1,582,824 | 6,857,178 | 235,382 |
| 37,449,557 | 79,679,808 | 117,129,365 | 1,103 |
| \$ 42,723,911 | \$ 81,262,632 | \$ 123,986,543 | \$ 236,485 |

Charter Township of Northville

Governmental Funds Balance Sheet December 31, 2015

| | General Fund | Public Safety Fund | Seven Mile Road Property Purchase Fund | Nonmajor Funds | Total |
|--|----------------------|----------------------|--|---------------------|----------------------|
| Assets | | | | | |
| Cash and investments (Note 3) | \$ 8,964,585 | \$ 11,995,858 | \$ 1,175,914 | \$ 3,544,513 | \$ 25,680,870 |
| Receivables: | | | | | |
| Taxes | 676,121 | 5,286,885 | 743,743 | 650,780 | 7,357,529 |
| Special assessments | 12,321 | - | - | 373,966 | 386,287 |
| Due from other governmental units | 1,046,253 | - | - | 124,453 | 1,170,706 |
| Due from other funds | - | - | - | 124,453 | 124,453 |
| Prepays and other assets | 104,402 | 297,916 | - | 1,670 | 403,988 |
| Total assets | \$ 10,803,682 | \$ 17,580,659 | \$ 1,919,657 | \$ 4,819,835 | \$ 35,123,833 |
| Liabilities | | | | | |
| Accounts payable | \$ 64,627 | \$ 336,038 | \$ 1,517 | \$ 49,490 | \$ 451,672 |
| Due to other funds | - | - | - | 124,453 | 124,453 |
| Accrued salaries and wages | 24,360 | 100,479 | - | 1,007 | 125,846 |
| Unearned revenue (Note 5) | - | - | - | 38,000 | 38,000 |
| Total liabilities | 88,987 | 436,517 | 1,517 | 212,950 | 739,971 |
| Deferred Inflows of Resources | | | | | |
| (Note 5) | 1,547,710 | 12,006,368 | 1,674,314 | 1,838,992 | 17,067,384 |
| Total liabilities and deferred inflows of resources | 1,636,697 | 12,442,885 | 1,675,831 | 2,051,942 | 17,807,355 |
| Fund Balances | | | | | |
| Nonspendable: | | | | | |
| Prepays | 28,931 | 108,660 | - | - | 137,591 |
| Long-term receivable | 673,595 | - | - | - | 673,595 |
| Restricted: | | | | | |
| Drug forfeiture | - | 1,249,549 | - | - | 1,249,549 |
| Police and fire operations | - | 3,758,701 | - | - | 3,758,701 |
| Debt service | - | - | 243,826 | 147,028 | 390,854 |
| Contributions and donations | 6,225 | - | - | - | 6,225 |
| Youth assistance | - | - | - | 105,420 | 105,420 |
| Parks, recreation, senior, and youth services | - | - | - | 841,876 | 841,876 |
| Conrad charitable trust | - | - | - | 23,177 | 23,177 |
| Special operations | - | 20,864 | - | - | 20,864 |
| Assigned: | | | | | |
| Debt service | - | - | - | 777,783 | 777,783 |
| Capital projects | - | - | - | 872,609 | 872,609 |
| Unassigned | 8,458,234 | - | - | - | 8,458,234 |
| Total fund balances | 9,166,985 | 5,137,774 | 243,826 | 2,767,893 | 17,316,478 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 10,803,682 | \$ 17,580,659 | \$ 1,919,657 | \$ 4,819,835 | \$ 35,123,833 |

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

Charter Township of Northville

Governmental Funds Reconciliation of the Fund Balances to the Statement of Net Position December 31, 2015

| | |
|---|-----------------------------|
| Fund Balance Reported in Governmental Funds | \$ 17,316,478 |
| 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 | 54,515,862 |
| Investments in joint ventures are not financial resources and are not reported in the funds | 2,981,538 |
| Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures | 386,287 |
| Bonds payable are not due and payable in the current period and are not reported in the funds | (27,005,278) |
| Accrued interest is not due and payable in the current period and is not reported in the funds | (270,745) |
| The excess deposit into the escrow account in connection with the bond refunding is deferred and recognized as a deferred outflow of resources | 280,705 |
| 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 | (1,501,770) |
| Estimated self-insurance claims do not present a claim on current financial resources and are not reported as fund liabilities | (129,051) |
| Net pension liability and related deferred outflows are not current financial resources and are not reported in the funds | (6,755,328) |
| Net prepayments of retiree healthcare obligations relate to expenses of future periods; however, they are recognized in the funds when paid | <u>2,905,213</u> |
| Net Position of Governmental Activities | <u>\$ 42,723,911</u> |

Charter Township of Northville

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2015

| | General Fund | Public Safety Fund | Seven Mile Road Property Purchase Fund | Nonmajor Funds | Total |
|--|---------------------|-----------------------|--|---------------------|----------------------|
| Revenue | | | | | |
| Property taxes | \$ 1,561,945 | \$ 11,655,094 | \$ 1,592,977 | \$ 1,412,239 | \$ 16,222,255 |
| Building department | 1,135,386 | - | - | - | 1,135,386 |
| Federal sources | - | 161,155 | - | 301,933 | 463,088 |
| State sources | 2,216,688 | 36,094 | 3,241 | 170,995 | 2,427,018 |
| Fines and forfeitures | - | 153,631 | - | - | 153,631 |
| Net investment income | 15,596 | 37,279 | 668 | 25,713 | 79,256 |
| Licensing and enforcement | - | 872,411 | - | - | 872,411 |
| Other revenue | 1,117,595 | 391,559 | - | 473,108 | 1,982,262 |
| Total revenue | 6,047,210 | 13,307,223 | 1,596,886 | 2,383,988 | 23,335,307 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| Legislative | 1,954,709 | - | - | - | 1,954,709 |
| Treasurer | 976,064 | - | - | - | 976,064 |
| Clerk | 333,552 | - | - | - | 333,552 |
| Public safety: | | | | | |
| Police and Fire | - | 11,512,048 | - | - | 11,512,048 |
| Building department | 640,655 | - | - | - | 640,655 |
| Community and economic development - Planning and zoning | 217,583 | - | - | - | 217,583 |
| Recreation and culture | - | - | - | 1,570,054 | 1,570,054 |
| Capital outlay | - | - | - | 315,106 | 315,106 |
| Debt service | - | - | 1,636,243 | 1,464,638 | 3,100,881 |
| Total expenditures | 4,122,563 | 11,512,048 | 1,636,243 | 3,349,798 | 20,620,652 |
| Excess of Revenue Over (Under) Expenditures | 1,924,647 | 1,795,175 | (39,357) | (965,810) | 2,714,655 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from sale of capital assets | - | 16,283 | - | - | 16,283 |
| Transfers in (Note 7) | - | - | - | 1,386,120 | 1,386,120 |
| Transfers out (Note 7) | (641,840) | (478,050) | - | (266,230) | (1,386,120) |
| Total other financing (uses) sources | (641,840) | (461,767) | - | 1,119,890 | 16,283 |
| Net Change in Fund Balances | 1,282,807 | 1,333,408 | (39,357) | 154,080 | 2,730,938 |
| Fund Balances - Beginning of year | 7,884,178 | 3,804,366 | 283,183 | 2,613,813 | 14,585,540 |
| Fund Balances - End of year | \$ 9,166,985 | \$ 5,137,774 | \$ 243,826 | \$ 2,767,893 | \$ 17,316,478 |

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

Charter Township of Northville

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2015

| | |
|---|-----------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 2,730,938 |
| 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 | 1,095,729 |
| Depreciation expense | (1,060,769) |
| Net book value of assets disposed of | (9,086) |
| 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 | (114,662) |
| Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) | 1,980,000 |
| Change in accrued interest payable | 59,827 |
| Estimated changes in self-insurance claims payable | 10,948 |
| Equity interest in the Northville Parks and Recreation Commission is not reported in the governmental funds | 63,298 |
| Net prepayments of pension and retiree healthcare obligations relate to expenditures in the funds and are not reported in the statement of activities | <u>518,131</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 5,274,354</u></u> |

Charter Township of Northville

Proprietary Funds Statement of Net Position December 31, 2015

| | Enterprise Funds | | |
|--|----------------------|-------------------------|----------------------|
| | Water and Sewer | Nonmajor Solid Waste | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and investments (Note 3) | \$ 2,144,164 | \$ 422,312 | \$ 2,566,476 |
| Receivables: | | | |
| Special assessments | 96,471 | - | 96,471 |
| Customers | 2,377,060 | - | 2,377,060 |
| Accrued interest receivable | 73,655 | - | 73,655 |
| Other | 106,936 | - | 106,936 |
| Total current assets | 4,798,286 | 422,312 | 5,220,598 |
| Noncurrent assets: | | | |
| Cash segregated for capital reserves | 12,457,921 | - | 12,457,921 |
| Investment in joint venture | 19,069,645 | - | 19,069,645 |
| Capital assets (Note 6) | 51,952,712 | 555,266 | 52,507,978 |
| Other postemployment benefit asset (Note 12) | 421,012 | - | 421,012 |
| Total noncurrent assets | 83,901,290 | 555,266 | 84,456,556 |
| Total assets | 88,699,576 | 977,578 | 89,677,154 |
| Deferred Outflows of Resources | | | |
| Bond refunding excess escrow deposit | 223,054 | - | 223,054 |
| Deferred outflows related to pension (Note 10) | 278,492 | - | 278,492 |
| Total deferred outflows | 501,546 | - | 501,546 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 1,186,151 | 88,357 | 1,274,508 |
| Accrued liabilities and other | 56,168 | - | 56,168 |
| Unearned revenue | - | 207,508 | 207,508 |
| Current portion of long-term debt (Note 8) | 435,000 | - | 435,000 |
| Total current liabilities | 1,677,319 | 295,865 | 1,973,184 |
| Noncurrent liabilities: | | | |
| Compensated absences | 71,930 | - | 71,930 |
| Net pension obligation (Note 10) | 998,801 | - | 998,801 |
| Long-term debt (Note 8) | 5,872,153 | - | 5,872,153 |
| Total noncurrent liabilities | 6,942,884 | - | 6,942,884 |
| Total liabilities | 8,620,203 | 295,865 | 8,916,068 |
| Net Position | | | |
| Net investment in capital assets | 45,740,559 | 555,266 | 46,295,825 |
| Unrestricted | 34,840,360 | 126,447 | 34,966,807 |
| Total net position | <u>\$ 80,580,919</u> | <u>\$ 681,713</u> | <u>\$ 81,262,632</u> |

Charter Township of Northville

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2015

| | Enterprise Funds | | |
|--|----------------------|-------------------------|----------------------|
| | Water and Sewer | Nonmajor Solid Waste | Total |
| Operating Revenue | | | |
| Sale of water and sewer services | \$ 13,188,210 | \$ - | \$ 13,188,210 |
| Solid waste charges | - | 1,240,316 | 1,240,316 |
| Other | 101,516 | - | 101,516 |
| Total operating revenue | 13,289,726 | 1,240,316 | 14,530,042 |
| Operating Expenses | | | |
| Cost of water | 5,272,209 | - | 5,272,209 |
| Cost of sewage treatment | 5,043,056 | - | 5,043,056 |
| Salaries and wages | 932,993 | - | 932,993 |
| Collection and recycling charges | - | 1,082,742 | 1,082,742 |
| Fringe benefits | 365,086 | - | 365,086 |
| System maintenance and operations | 433,748 | - | 433,748 |
| General and administrative | 842,169 | 9,398 | 851,567 |
| Depreciation | 1,735,098 | 52,882 | 1,787,980 |
| Total operating expenses | 14,624,359 | 1,145,022 | 15,769,381 |
| Operating (Loss) Income | (1,334,633) | 95,294 | (1,239,339) |
| Nonoperating Expenses | | | |
| Net investment income | 406,748 | - | 406,748 |
| Interest expense | (156,537) | - | (156,537) |
| Total nonoperating expense | 250,211 | - | 250,211 |
| (Loss) Income - Before contributions | (1,084,422) | 95,294 | (989,128) |
| Capital Contributions | | | |
| Collection of connection fees | 1,697,515 | - | 1,697,515 |
| Lines constructed by developers | 874,437 | - | 874,437 |
| Total capital contributions | 2,571,952 | - | 2,571,952 |
| Change in Net Position | 1,487,530 | 95,294 | 1,582,824 |
| Net Position - Beginning of year (Note 1) | 79,093,389 | 586,419 | 79,679,808 |
| Net Position - End of year | \$ 80,580,919 | \$ 681,713 | \$ 81,262,632 |

Charter Township of Northville

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2015

| | Enterprise Funds | | |
|--|-----------------------|-------------------------|-----------------------|
| | Water and Sewer | Nonmajor Solid Waste | Total |
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 12,514,512 | \$ 1,241,800 | \$ 13,756,312 |
| Payments to suppliers | (13,483,970) | (1,089,078) | (14,573,048) |
| Payments to employees | (1,548,735) | - | (1,548,735) |
| Other | (454,910) | - | (454,910) |
| Net cash (used in) provided by operating activities | (2,973,103) | 152,722 | (2,820,381) |
| Cash Flows from Noncapital Financing Activities | | | |
| Repayments of loans made to other funds | 313,248 | - | 313,248 |
| Repayments of loans from other funds | - | (313,248) | (313,248) |
| Net cash provided by (used in) noncapital financing activities | 313,248 | (313,248) | - |
| Cash Flows from Capital and Related Financing Activities | | | |
| Special assessment collections | 30,817 | - | 30,817 |
| Collection of connection fees | 1,697,515 | - | 1,697,515 |
| Purchase of capital assets | (447,246) | - | (447,246) |
| Principal and interest paid on capital debt | (326,052) | - | (326,052) |
| Net cash provided by capital and related financing activities | 955,034 | - | 955,034 |
| Cash Flows from Investing Activities - Proceeds from sale and maturities of investment securities | 411,042 | - | 411,042 |
| Net Decrease in Cash and Investments | (1,293,779) | (160,526) | (1,454,305) |
| Cash and Investments - Beginning of year | 15,895,864 | 582,838 | 16,478,702 |
| Cash and Investments - End of year | <u>\$ 14,602,085</u> | <u>\$ 422,312</u> | <u>\$ 15,024,397</u> |
| Balance Sheet Classification of Cash and Investments | | | |
| Cash and investments | \$ 2,144,164 | \$ 422,312 | \$ 2,566,476 |
| Cash segregated for capital reserves | 12,457,921 | - | 12,457,921 |
| Total cash and investments | <u>\$ 14,602,085</u> | <u>\$ 422,312</u> | <u>\$ 15,024,397</u> |
| Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities | | | |
| Operating (loss) income | \$ (1,334,633) | \$ 95,294 | \$ (1,239,339) |
| Adjustments to reconcile operating (loss) income to net cash from operating activities: | | | |
| Depreciation and amortization | 1,735,098 | 52,882 | 1,787,980 |
| Changes in assets and liabilities: | | | |
| Receivables | (775,214) | 1,484 | (773,730) |
| Investments in joint ventures | (1,996,481) | - | (1,996,481) |
| Prepays and other assets | 22,512 | - | 22,512 |
| Accounts payable | (261,743) | 3,062 | (258,681) |
| Accrued and other liabilities | 92,268 | - | 92,268 |
| Other | (454,910) | - | (454,910) |
| Net cash (used in) provided by operating activities | <u>\$ (2,973,103)</u> | <u>\$ 152,722</u> | <u>\$ (2,820,381)</u> |

Noncash Investing and Financing Activities - During the year ended December 31, 2015, the Water and Sewer Fund received approximately \$874,000 of lines donated by developers.

Charter Township of Northville

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2015

| | <u>Agency Funds</u> |
|--------------------------------------|----------------------------|
| Assets - Cash and investments | <u>\$ 9,965,220</u> |
| Liabilities | |
| Accounts payable | \$ 1,759 |
| Tax collections distributable | 7,269,504 |
| Bonds and deposits | <u>2,693,957</u> |
| Total liabilities | <u>\$ 9,965,220</u> |

Charter Township of Northville

Component Units Statement of Net Position December 31, 2015

| | Brownfield Redevelopment Authority Fund | Economic Development Corp | Total |
|--|---|---------------------------------|-------------------|
| Assets | | | |
| Cash and investments | \$ 235,382 | \$ 1,103 | \$ 236,485 |
| Receivables - Taxes | 269,654 | - | 269,654 |
| Total assets | 505,036 | 1,103 | 506,139 |
| Liabilities - Deferred inflows of resources | | | |
| Revenue (unavailable) | 269,654 | - | 269,654 |
| Net Position | \$ 235,382 | \$ 1,103 | \$ 236,485 |

Charter Township of Northville

Component Units Statement of Activities Year Ended December 31, 2015

| | Net (Expense) Revenue and Changes in Net Assets | | | |
|---|---|---|---------------------------------|-------------------|
| | Expenses | Brownfield Redevelopment Authority Fund | Economic Development Corp | Total |
| Functions/Programs | | | | |
| Brownfield Redevelopment Authority Fund | \$ 298,570 | \$ (298,570) | \$ - | \$ (298,570) |
| General revenues - Property taxes | | 533,952 | - | 533,952 |
| Change in Net Position | | 235,382 | - | 235,382 |
| Net Position - Beginning of year | | - | 1,103 | 1,103 |
| Net Position - End of year | | \$ 235,382 | \$ 1,103 | \$ 236,485 |

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Charter Township of Northville (the "Township"):

Reporting Entity

The Charter Township of Northville is governed by an elected seven-member 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. The component unit column in the combined financial statements includes the financial data of the Township's discretely presented component units (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 EDC does not separately issue financial statements.

The Northville Township Brownfield Redevelopment Authority was created under the provisions of Act 381, Public Acts of 1996 of the State of Michigan and is governed by a seven-member board that is appointed by the Township's board of trustees. The Northville Township Brownfield Redevelopment Authority is legally separate from the Township. The purpose of the Northville Township Brownfield Authority is to use tax increment revenues to promote revitalization of environmentally distressed areas within the boundaries of the Township. The Brownfield Redevelopment Authority does not separately issue financial statements.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Governmental Accounting Standards Board.

Government-wide and Fund Financial Statements

Governmental accounting principles require that financial reports include two different perspectives - 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 the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to debt service, compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses, state-shared revenue (which is unrestricted), and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the Township. Receivables have been recorded for these along with a "deferred inflow."

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Safety Fund - The Public Safety Fund is used to account for the operations of strictly police and fire. This fund receives its revenue pursuant to a voter-approved millage.

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

The Township reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

Additionally, the Township reports the following fiduciary fund types:

Tax Collection Fund - The Tax Collection Fund, which collects taxes on behalf of all the taxing authorities (State, County, School District, and various others) and remits the taxes to each authority.

Agency and Escrow Funds - 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, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

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.

Due from Other Governmental Units - Due from other governmental units includes a receivable for state-shared revenue and a long-term interest fee receivable from the Northville Parks and Recreation Commission.

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 years |
| Water and sewer lines | 50-75 years |
| Buildings and improvements | 25-30 years |
| Equipment | 5-15 years |
| Vehicles | 5 years |
| Office equipment and furniture | 3-5 years |
| Solid waste | 15 years |

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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 net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The Township reports deferred outflows of resources for deferred charge on bond 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.

The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements and the Water and Sewer Fund. The deferred outflows of resources result from two transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the Township's fiscal year end and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The 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 revenue 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.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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).

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.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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 2015 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's 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 and become a lien 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 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended December 31, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the Township totaled \$1.8 billion. Taxes were levied as follows:

| <u>Purpose</u> | <u>Millage Rate</u> | <u>Approximate Revenue</u> |
|-------------------------------------|---------------------|----------------------------|
| General operating | 0.7992 | \$ 1,484,840 |
| Public safety special voted mills | 6.2500 | 11,611,950 |
| Shared services special voted mills | 0.7574 | 1,407,180 |
| Debt service special voted mills | 0.8498 | 1,578,850 |
| Total | <u>8.6564</u> | <u>\$ 16,082,820</u> |

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs - The Township offers 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, 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; generally, the funds that report each employee's compensation are used to liquidate the obligation.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds 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 revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

New Accounting Standard - During the current year, the Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The objective of these statements is to improve accounting and financial reporting by state and local government for pensions. They also improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

As a result of implementing this statement, the beginning unrestricted net position of governmental activities was restated to \$6,067,248 (reduction of \$8,703,278) and the beginning unrestricted net position of business-type activities and Water and Sewer Fund was restated to \$33,097,338 (reduction of \$854,586).

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, 2015 | | \$ | (2,260,046) |
| Current year permit revenue | | | 1,135,376 |
| Related expenses: | | | |
| Direct costs | \$ | 640,655 | |
| Estimated indirect costs | | 450,881 | 1,091,536 |
| | | | <u>43,840</u> |
| Current year surplus | | | <u>43,840</u> |
| Cumulative shortfall at December 31, 2015 | | \$ | <u>(2,216,206)</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.

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

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$35,489,162 of bank deposits (certificates of deposit and 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 | \$ 4,433,147 | 3.38 years |
| U.S. agency bond | <u>6,875,970</u> | 12.14 years |
| Total | <u>\$ 11,309,117</u> | |

Charter Township of Northville

Notes to Financial Statements December 31, 2015

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 | \$ - | \$ 4,433,147 | \$ - | \$ - | \$ - |
| U.S. agency bonds | - | 6,875,970 | - | - | - |
| Bank investment pool | - | - | - | - | 1,265,960 |
| Total | \$ - | \$ 11,309,117 | \$ - | \$ - | \$ 1,265,960 |

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

Segregated assets at December 31, 2015 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 | | | Component Units |
|---------------------|--------------------|-----------------------------|---------------|--------------------|
| | Unavailable | Levied for the Next Year | Total | |
| Property taxes | \$ - | \$ 16,681,097 | \$ 16,681,097 | \$ 269,654 |
| Special assessments | 386,287 | - | 386,287 | - |
| Total | \$ 386,287 | \$ 16,681,097 | \$ 17,067,384 | \$ 269,654 |

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 6 - Capital Assets

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

| | Balance January 1, 2015 | Additions | Disposals | Balance December 31, 2015 |
|--|----------------------------|---------------------|------------------|---------------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated - | | | | |
| Land | \$ 40,846,521 | \$ 333,385 | \$ - | \$ 41,179,906 |
| Capital assets being depreciated: | | | | |
| Bike paths | 2,101,963 | - | - | 2,101,963 |
| Buildings and improvements | 18,106,968 | 143,880 | - | 18,250,848 |
| Vehicles | 3,022,825 | 307,706 | 224,856 | 3,105,675 |
| Furniture and equipment | 2,963,472 | 278,760 | 224,189 | 3,018,043 |
| Computer equipment | 804,227 | 31,998 | 44,268 | 791,957 |
| Subtotal | 26,999,455 | 762,344 | 493,313 | 27,268,486 |
| Accumulated depreciation: | | | | |
| Bike paths | 757,705 | 129,860 | - | 887,565 |
| Buildings and improvements | 6,758,309 | 586,724 | - | 7,345,033 |
| Vehicles | 2,368,057 | 190,693 | 220,057 | 2,338,693 |
| Furniture and equipment | 2,731,591 | 115,753 | 219,902 | 2,627,442 |
| Computer equipment | 740,326 | 37,739 | 44,268 | 733,797 |
| Subtotal | 13,355,988 | 1,060,769 | 484,227 | 13,932,530 |
| Net capital assets being depreciated | 13,643,467 | (298,425) | 9,086 | 13,335,956 |
| Net capital assets | <u>\$ 54,489,988</u> | <u>\$ 34,960</u> | <u>\$ 9,086</u> | <u>\$ 54,515,862</u> |
| Business-type Activities | | | | |
| Capital assets not being depreciated - | | | | |
| Construction in progress | \$ 29,615 | \$ - | \$ 29,615 | \$ - |
| Capital assets being depreciated: | | | | |
| Water and sewer systems | 78,673,812 | 904,052 | - | 79,577,864 |
| Solid waste | 793,236 | - | - | 793,236 |
| Buildings and improvements | 1,549,787 | - | - | 1,549,787 |
| Equipment | 293,931 | 447,246 | - | 741,177 |
| Subtotal | 81,310,766 | 1,351,298 | - | 82,662,064 |
| Accumulated depreciation: | | | | |
| Water and sewer systems | 26,957,559 | 1,589,546 | - | 28,547,105 |
| Solid waste | 185,088 | 52,882 | - | 237,970 |
| Buildings and improvements | 1,158,205 | 61,991 | - | 1,220,196 |
| Equipment | 65,254 | 83,561 | - | 148,815 |
| Subtotal | 28,366,106 | 1,787,980 | - | 30,154,086 |
| Net capital assets being depreciated | 52,944,660 | (436,682) | - | 52,507,978 |
| Net capital assets | <u>\$ 52,974,275</u> | <u>\$ (436,682)</u> | <u>\$ 29,615</u> | <u>\$ 52,507,978</u> |

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 6 - Capital Assets (Continued)

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

| | | |
|------------------------------------|--|---------------------|
| Governmental activities: | | |
| General government | | \$ 476,419 |
| Public safety | | 526,404 |
| Community and economic development | | 6,804 |
| Recreation and culture | | <u>51,142</u> |
| Total governmental activities | | <u>\$ 1,060,769</u> |
| Business-type activities: | | |
| Water and Sewer Fund | | \$ 1,735,098 |
| Solid waste | | <u>52,882</u> |
| Total business-type activities | | <u>\$ 1,787,980</u> |

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> |
|--------------------------------|---|---------------|
| Due to/from Other Funds | | |
| Capital Projects Fund | Community Development Block Grant Fund | \$ 124,453 |

The Capital Project Fund advanced \$124,453 to the Community Development Block Grant Fund for the amount of reimbursable grant funds expected to be paid by Wayne County for the demolition of Building Number 72 located on the 7 Mile Road Property. The advance was repaid to the Capital Projects Fund on January 7, 2016 upon receipt of payment from Wayne County.

The Water and Sewer Fund had advanced \$793,328 to the Solid Waste Fund for the acquisition of equipment. The loan included interest at 2 percent and was repaid to the Water and Sewer Fund over a five-year period. At December 31, 2015, the balance was paid in full.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

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

| <u>Fund Transferred From</u> | <u>Fund Transferred To</u> | <u>Amount</u> |
|------------------------------|-----------------------------|---------------------|
| General Fund | Nonmajor governmental funds | \$ 641,840 |
| Public Safety Fund | Nonmajor governmental funds | 478,050 |
| Nonmajor governmental funds | Nonmajor governmental funds | 266,230 |
| | Total | <u>\$ 1,386,120</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 Public Safety Fund to the nonmajor governmental funds represent the use of resources to finance debt service.

The transfers from the nonmajor governmental funds to other nonmajor governmental funds represent transfers from a special revenue fund to 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, 2015

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% | \$ 1,320,000 |
| 2009 Unlimited Tax General Obligation Bonds Series B: | |
| Amount of issue - \$18,145,000 | |
| Maturing through 2029 | |
| Interest rate 6.066% - 6.478% | 17,260,000 |
| 2012 Refunding Limited Tax General Obligation Bonds: | |
| Amount of issue - \$9,115,000 | |
| Maturing through 2023 | |
| Interest rate 2.00% - 4.00% | 7,430,000 |
| Subtotal | <u>26,010,000</u> |
| <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% | 405,000 |
| Total governmental activities bonds | <u>\$ 26,415,000</u> |
| Description | Amount |
| Business-type Activities | |
| <u>General Obligations:</u> | |
| 2007 Capital Improvement Bonds: | |
| Amount of issue - \$5,000,000 | |
| Maturing through 2027 | |
| Interest rate 4.00% - 4.05% | \$ 200,000 |
| 2009 General Obligation Bonds: | |
| Amount of issue - \$1,125,000 | |
| Maturity through 2024 | |
| Interest rate 3.25% - 4.50% | 925,000 |
| Drinking Water Revolving Fund Project #7299-01: | |
| Amount of issue - \$1,664,907 | |
| Maturing through 2032 | |
| Interest rate of 2.50% | 1,331,805 |
| 2015 Refunding Limited Tax General Obligation Bonds: | |
| Amount of issue - \$3,565,000 | |
| Maturing through 2027 | |
| Interest rate of 2.00% - 3.50% | 3,565,000 |
| Total business-type activities bonds | <u>\$ 6,021,805</u> |

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 8 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|--------------|--------------|----------------|------------------------|
| Governmental Activities | | | | | |
| General obligation bonds | \$ 27,950,000 | \$ - | \$ 1,940,000 | \$ 26,010,000 | \$ 1,935,000 |
| Special assessment bonds | 445,000 | - | 40,000 | 405,000 | 40,000 |
| Issuance premium | 674,603 | - | 84,325 | 590,278 | - |
| Total bonds payable | 29,069,603 | - | 2,064,325 | 27,005,278 | 1,975,000 |
| Estimated self-insurance claims (Note 9) | 140,000 | 91,741 | 102,690 | 129,051 | 129,051 |
| Accumulated compensated absences | 1,517,700 | 833,208 | 849,138 | 1,501,770 | 849,140 |
| Total governmental activities | \$ 30,727,303 | \$ 924,949 | \$ 3,016,153 | \$ 28,636,099 | \$ 2,953,191 |
| Business-type Activities | | | | | |
| General obligation bonds | \$ 5,000,000 | \$ 3,565,000 | \$ 3,875,000 | \$ 4,690,000 | \$ 275,000 |
| Issuance premium | - | 190,348 | - | 190,348 | - |
| State revolving loan | 1,391,805 | - | 60,000 | 1,331,805 | 65,000 |
| Total bonds payable | 6,391,805 | 3,755,348 | 3,935,000 | 6,212,153 | 340,000 |
| Accumulated compensated absences | 169,970 | 91,960 | 95,000 | 166,930 | 95,000 |
| Total business-type activities | \$ 6,561,775 | \$ 3,847,308 | \$ 4,030,000 | \$ 6,379,083 | \$ 435,000 |

Total interest expense for the year was approximately \$1,200,000. Annual debt service requirements to maturity for the above bonds and loan obligations are as follows:

| Years Ending December 31 | Governmental Activities | | | Business-type Activities | | |
|-----------------------------|-------------------------|--|---------------|--------------------------|--------------|--------------|
| | Principal * | Interest (Net of Interest Subsidy) | Total | Principal* | Interest | Total |
| 2016 | \$ 1,975,000 | \$ 1,028,575 | \$ 3,003,575 | \$ 340,000 | \$ 193,122 | \$ 533,122 |
| 2017 | 2,120,000 | 956,725 | 3,076,725 | 380,000 | 170,670 | 550,670 |
| 2018 | 2,185,000 | 871,957 | 3,056,957 | 475,000 | 157,420 | 632,420 |
| 2019 | 2,275,000 | 782,996 | 3,057,996 | 480,000 | 142,645 | 622,645 |
| 2020 | 2,385,000 | 690,076 | 3,075,076 | 475,000 | 127,670 | 602,670 |
| 2021-2025 | 9,265,000 | 2,166,240 | 11,431,240 | 2,490,000 | 417,776 | 2,907,776 |
| 2026-2030 | 6,210,000 | 533,496 | 6,743,496 | 1,190,000 | 82,976 | 1,272,976 |
| 2030-2032 | - | - | - | 191,805 | 7,215 | 199,020 |
| Total | \$ 26,415,000 | \$ 7,030,065 | \$ 33,445,065 | \$ 6,021,805 | \$ 1,299,494 | \$ 7,321,299 |

* Principal balance excludes the issuance premium of \$590,278 and \$190,348.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 8 - Long-term Debt (Continued)

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, 2015 is \$782,884.

Advance Refunding - During the year, the Township issued \$3,565,000 in limited tax general obligation bonds with a of interest rate ranging from 2.00 percent to 3.50 percent. The proceeds of these bonds were used to advance refund \$3,600,000 2007 General Obligation Limited Bonds with an interest rate ranging from 4.00 percent to 4.05 percent. The net proceeds of \$3,739,158 (after payment of \$83,896 in underwriting fees, insurance, and other issuance costs and consideration of an \$190,348 premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the 2007 bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$260,529. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The advance refunding reduced total debt service payments over the next 10 years by \$361,073 which represents an economic gain of \$260,529.

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, 2015, \$11,795,000 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 \$489,634. During the current year, net revenue of the SAD was \$75,602. In 2015, the Township paid \$40,000 and \$20,778 toward principal and interest, respectively.

Build America Bonds - The 2009 General Obligation Unlimited Tax bonds are Build America Bonds and have an interest subsidy component. For the year ended December 31, 2015, the interest subsidy was \$360,275.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

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 League 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>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Estimated liability - Beginning of year | \$ 140,000 | \$ 140,000 |
| Estimated claims incurred, including changes in estimates | 94,854 | 102,690 |
| Claim payments | <u>(105,803)</u> | <u>(102,690)</u> |
| Estimated liability - End of year | <u>\$ 129,051</u> | <u>\$ 140,000</u> |

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS of Michigan), which covers all eligible employees of the Township. MERS was established as a statewide public employee pension plan by the Michigan legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Note 10 - Defined Benefit Plan (Continued)

Benefits Provided - The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers eligible full-time union and nonunion employees. Retirement benefits for police/fire employees are calculated at 2.50 percent of the employee's three-year average salary times the employee's years of service. Normal retirement is 60 with early retirement with 25 years of service (unreduced) or 55 with 15 years of service (reduced). Vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A non-duty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employees final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Benefit terms provide for an annual 2.5 percent, non-compounding cost of living adjustment to retirees.

Retirement benefits for AFSCME DPS employees are calculated at 2.25 percent of the employee's five-year average salary times the employee's years of service. Normal retirement is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). Vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A non-duty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employees final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Benefit terms provide for an annual 2.5 percent, non-compounding cost of living adjustment to retirees. Employees hired after January 1, 2015 are not eligible for a cost of living adjustment.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Plan (Continued)

Retirement benefits for non-union employees are calculated at 2.50 percent of the employee's five-year average salary times the employee's years of service. Normal retirement is 60 with early retirement with 20 years of service (unreduced) or 55 with 15 years of service (reduced). Vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A non-duty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employees final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Benefit terms do not provide for an annual cost of living adjustment to retirees.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Township's board, generally after negotiations of the terms with the affected unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the city council, generally after negotiations of these terms with the affected unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 25 |
| Inactive plan members entitled to but not yet receiving benefits | 5 |
| Active plan members | <u>95</u> |
| Total employees covered by MERS | <u><u>125</u></u> |

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Plan (Continued)

For the year ended December 31, 2015, the active employee contribution rate was 3.0 percent of annual pay for all eligible full-time union and non-union employees and the Township's annual required contribution was \$1,617,491.

Net Pension Liability

The net pension liability reported at December 31, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

| Changes in Net Pension Liability | Increase (Decrease) | | |
|-------------------------------------|-------------------------|----------------------|-----------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balance at December 31, 2014 | \$ 33,044,831 | \$ 21,967,679 | \$ 11,077,152 |
| Service cost | 1,032,663 | | 1,032,663 |
| Interest | 2,721,296 | | 2,721,296 |
| Contributions - Employer | | 2,959,247 | (2,959,247) |
| Contributions - Employee | | 134,582 | (134,582) |
| Net investment income | | 1,424,260 | (1,424,260) |
| Benefit payments, including refunds | (1,151,510) | (1,151,510) | - |
| Administrative expenses | | (52,913) | 52,913 |
| Net changes | 2,602,449 | 3,313,666 | (711,217) |
| Balance at December 31, 2015 | <u>\$ 35,647,280</u> | <u>\$ 25,281,345</u> | <u>\$ 10,365,935</u> |

Included in the net pension liability is \$9,367,134 related to governmental activities and \$998,801 related to business-type activities. The General Fund, Public Safety Fund or the Water and Sewer Fund, based on whichever fund to which an employee is assigned and to which the employee's pension costs are charged, will be the fund to liquidate the net pension liability.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Township recognized pension expense of \$1,875,221, of which \$1,694,536 is related to governmental activities and \$180,685 is related to business-type activities. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on pension plan investments | \$ 372,809 | \$ - |
| Employer contributions to the plan subsequent to the measurement date | <u>2,517,489</u> | <u>-</u> |
| Total | <u>\$ 2,890,298</u> | <u>\$ -</u> |

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

| <u>Years Ending June 30</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2016 | \$ 93,202 |
| 2017 | 93,202 |
| 2018 | 93,202 |
| 2019 | 93,203 |

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$2,517,489), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Plan (Continued)

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|---------------------------|-------------|--|
| Inflation | 3.0 - 4.0 % | |
| Salary increases | 4.5 % | In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation |
| Investment rate of return | 8.25% | Net of pension plan investment expense, including inflation |

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent Male and 50 percent Female blend. For disabled retirees, the regular mortality table is used with a 10-year set-forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. The MERS retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Plan (Continued)

| Asset Class | Target Allocation (%) | Long-term Expected Real Rate of Return |
|-------------------------|-----------------------|--|
| Global equity | 58 % | 5.00 % |
| Global fixed income | 20 % | 2.20 % |
| Real assets | 12 % | 4.20 % |
| Diversifying strategies | 10 % | 6.60 % |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 8.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

| | 1 Percent Decrease (7.25%) | Current Discount Rate (8.25%) | 1 Percent Increase (9.25%) |
|---------------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Net pension liability of the Township | \$ 15,598,935 | \$ 10,365,935 | \$ 6,053,668 |

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

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 administered by the Allerus Financial. 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 \$64,302 during the current year.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

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 Bank of Ann Arbor. 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 \$446,989. Total contributions of postemployment healthcare benefits made during the year relate to advance funding.

Funding Progress - For the year ended December 31, 2015, 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:

| | |
|--|----------------|
| Annual required contribution (recommended) | \$ 446,989 |
| Adjustment to the annual required contribution and interest on asset | 52,426 |
| Annual OPEB cost | 499,415 |
| Amounts contributed - Payments of current premiums | (446,989) |
| Decrease in net OPEB asset | 52,426 |
| OPEB asset - Beginning of year | (3,378,651) |
| OPEB asset - End of year | \$ (3,326,225) |

Charter Township of Northville

Notes to Financial Statements December 31, 2015

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

The schedule of employer contributions and the net OPEB asset 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 |
| 12/31/14 | 12/31/12 | 476,645 | 92 | 3,378,651 |
| 12/31/15 | 12/31/12 | 499,415 | 90 | 3,326,225 |

* The required contribution is included in the annual OPEB costs and is expressed to the Township as a percentage of payroll for the fiscal years ended 2011 and 2012. For fiscal years 2013, 2014, and 2015, 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 inflation cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Charter Township of Northville

Notes to Financial Statements December 31, 2015

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

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 on a closed basis. The remaining amortization period at December 31, 2012 was 25 years.

The following is an allocation of the OPEB asset as of December 31, 2015:

| | |
|--------------------------|---------------------|
| Governmental activities | \$ 2,905,213 |
| Business-type activities | <u>421,012</u> |
| Total | <u>\$ 3,326,225</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 \$6,931,620 for operations, debt, and capital. The Township's equity interest is recorded within the Water and Sewer Fund. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.

The Township also participates in the Northville Parks and Recreation Commission (the "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 \$1,009,303 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.

Charter Township of Northville

Notes to Financial Statements December 31, 2015

Note 13 - Joint Ventures (Continued)

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| Western Township Utilities Authority (WTUA) | \$ - | \$ 19,069,645 | \$ 19,069,645 |
| Northville Parks and Recreation Commission | 2,981,538 | - | 2,981,538 |
| Total | <u>\$ 2,981,538</u> | <u>\$ 19,069,645</u> | <u>\$ 22,051,183</u> |

Note 14 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2016 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Township to recognize on the face of the financial statements its net OPEB liability related to its participation in the OPEB plan administered by the Bank of Ann Arbor. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2018.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016 fiscal year.

Required Supplemental Information

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2015

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget Favorable (Unfavorable) |
|---|---------------------|---------------------|---------------------|--|
| Revenue | | | | |
| Property taxes | \$ 1,517,000 | \$ 1,557,000 | \$ 1,561,945 | \$ 4,945 |
| Building department | 755,000 | 1,034,000 | 1,135,386 | 101,386 |
| State sources | 2,193,200 | 2,215,200 | 2,216,688 | 1,488 |
| Net investment income | 5,400 | 5,400 | 15,596 | 10,196 |
| Interest and miscellaneous | 759,100 | 1,069,100 | 1,117,595 | 48,495 |
| Total revenue | 5,229,700 | 5,880,700 | 6,047,210 | 166,510 |
| Expenditures - Current | | | | |
| General government: | | | | |
| Legislative | 1,653,130 | 2,253,130 | 1,954,709 | 298,421 |
| Treasurer | 1,019,360 | 1,019,360 | 976,064 | 43,296 |
| Clerk | 300,470 | 351,470 | 333,552 | 17,918 |
| Total general government | 2,972,960 | 3,623,960 | 3,264,325 | 359,635 |
| Building department | 657,420 | 657,420 | 640,655 | 16,765 |
| Planning and zoning | 258,950 | 258,950 | 217,583 | 41,367 |
| Transfer to other funds | 701,250 | 701,250 | 641,840 | 59,410 |
| Total expenditures | 4,590,580 | 5,241,580 | 4,764,403 | 477,177 |
| Net Change in Fund Balance | 639,120 | 639,120 | 1,282,807 | 643,687 |
| Fund Balance - Beginning of year | 7,884,178 | 7,884,178 | 7,884,178 | - |
| Fund Balance - End of year | \$ 8,523,298 | \$ 8,523,298 | \$ 9,166,985 | \$ 643,687 |

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Public Safety Fund Year Ended December 31, 2015

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget Favorable (Unfavorable) |
|--|---------------------|---------------------|---------------------|--|
| Revenue | | | | |
| Property taxes | \$ 11,280,000 | \$ 11,441,600 | \$ 11,655,094 | \$ 213,494 |
| Federal sources | 20,000 | 95,000 | 111,155 | 16,155 |
| State sources | 3,000 | 33,000 | 36,094 | 3,094 |
| Fines and forfeitures | 150,000 | 150,000 | 153,631 | 3,631 |
| Net investment income | 11,350 | 11,350 | 37,279 | 25,929 |
| Charges for services | 672,600 | 672,600 | 872,411 | 199,811 |
| Interest, transfers in, and miscellaneous | 251,100 | 401,100 | 384,219 | (16,881) |
| Total revenue | 12,388,050 | 12,804,650 | 13,249,883 | 445,233 |
| Expenditures - Current | | | | |
| Public safety | 11,511,180 | 11,927,780 | 11,448,739 | 479,041 |
| Transfers to other funds | 478,050 | 478,050 | 478,050 | - |
| Total expenditures | 11,989,230 | 12,405,830 | 11,926,789 | 479,041 |
| Excess of Revenue Over Expenditures | 398,820 | 398,820 | 1,323,094 | 924,274 |
| Other Financing Sources - Proceeds | | | | |
| from sale of capital assets | 15,000 | 15,000 | 16,283 | 1,283 |
| Net Change in Fund Balance | 413,820 | 413,820 | 1,339,377 | 925,557 |
| Fund Balance - Beginning of year | 3,804,366 | 3,804,366 | 3,804,366 | - |
| Fund Balance - End of year | <u>\$ 4,218,186</u> | <u>\$ 4,218,186</u> | <u>\$ 5,143,743</u> | <u>\$ 925,557</u> |

Charter Township of Northville

Note to Required Supplemental Information Year Ended December 31, 2015

Budgetary Information - The annual budget is prepared by the Township's supervisor and adopted by the Township's board; subsequent amendments are approved by the Township's 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, 2015

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 | \$ 6,047,210 | \$ 4,122,563 |
| Interfund transfers budgeted as expenditures | - | 641,840 |
| Amounts per budget statement | <u>\$ 6,047,210</u> | <u>\$ 4,764,403</u> |

| | <u>Total Revenue</u> | <u>Total Expenditures</u> | <u>Fund Balance</u> |
|--|--------------------------|-------------------------------|---------------------|
| Charter Township of Northville - Public Safety Fund: | | | |
| Amounts per operating statement | \$ 13,307,223 | \$ 11,512,048 | \$ 5,137,774 |
| Interfund transfers budgeted as expenditures | - | 478,050 | - |
| Special Operations Team Fund activities, reported within the Public Safety Fund in the operating statement, which is not budgeted as part of the Public Safety Fund | <u>(57,340)</u> | <u>(63,309)</u> | <u>5,969</u> |
| Amounts per budget statement | <u>\$ 13,249,883</u> | <u>\$ 11,926,789</u> | <u>\$ 5,143,743</u> |

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

Charter Township of Northville

Required Supplemental Information Schedule of Changes in the Township Net Pension Liability and Related Ratios Last Ten Fiscal Years

| | 2015 |
|--|----------------------|
| Total Pension Liability | |
| Service cost | \$ 1,032,663 |
| Interest | 2,721,296 |
| Changes in benefit terms | - |
| Differences between expected and actual experience | - |
| Changes in assumptions | - |
| Benefit payments, including refunds | (1,151,510) |
| Net Change in Total Pension Liability | 2,602,449 |
| Total Pension Liability - Beginning of year | 33,044,831 |
| Total Pension Liability - End of year | \$ 35,647,280 |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 2,959,247 |
| Contributions - Member | 134,582 |
| Net investment income | 1,424,260 |
| Administrative expenses | (52,913) |
| Benefit payments, including refunds | (1,151,510) |
| Other | - |
| Net Change in Plan Fiduciary Net Position | 3,313,666 |
| Plan Fiduciary Net Position - Beginning of year | 21,967,679 |
| Plan Fiduciary Net Position - End of year | \$ 25,281,345 |
| Township's Net Pension Liability - Ending | \$ 10,365,935 |
| Plan Fiduciary Net Position as a Percent of Total Pension Liability | 70.92 % |
| Covered Employee Payroll | \$ 7,271,632 |
| Township's Net Pension Liability as a Percent of Covered Employee Payroll | 142.6 % |

Charter Township of Northville

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2015

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** |
|-----------------------------|--|--|---------------------------------|------------------------------------|----------------------------|--|
| 1/1/07 | \$ 1,014,428 | \$ 9,068,172 | \$ 8,053,744 | 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

Other Supplemental Information

Charter Township of Northville

| | Special Revenue Funds | | |
|--|---|---------------------|---------------------|
| | Community Development Block Grant | Youth Assistance | Shared Services |
| Assets | | | |
| Cash and investments | \$ - | \$ 129,482 | \$ 1,656,931 |
| Receivables: | | | |
| Taxes | - | - | 650,780 |
| Special assessment | - | - | - |
| Due from other governmental units | 124,453 | - | - |
| Due from other funds | - | - | - |
| Prepaid expenses and other assets | - | 1,670 | - |
| Total assets | <u>\$ 124,453</u> | <u>\$ 131,152</u> | <u>\$ 2,307,711</u> |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 1,548 | \$ 809 |
| Due to other funds | 124,453 | - | - |
| Accrued liabilities and other - Accrued salaries and wages | - | 1,007 | - |
| Unearned revenue | - | - | - |
| Total liabilities | 124,453 | 2,555 | 809 |
| Deferred Inflows of Resources - Unavailable revenue | - | - | 1,465,026 |
| Total liabilities and deferred inflows of resources | 124,453 | 2,555 | 1,465,835 |
| Fund Balances | | | |
| Restricted: | | | |
| Debt service | - | - | - |
| Youth assistance | - | 105,420 | - |
| Parks, recreation, and senior and youth services | - | - | 841,876 |
| Conrad charitable trust | - | 23,177 | - |
| Assigned: | | | |
| Debt service | - | - | - |
| Capital projects | - | - | - |
| Total fund balances | - | 128,597 | 841,876 |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 124,453</u> | <u>\$ 131,152</u> | <u>\$ 2,307,711</u> |

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015**

| Debt Service Funds | | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|---------------------|---------------------------------|------------------------|--------------------------|--|
| Land Acquisition | Edenderry Paving SAD Fund | 2012 Refunding Debt | Capital Projects | |
| \$ 38,841 | \$ 147,028 | \$ 738,942 | \$ 833,289 | \$ 3,544,513 |
| - | - | - | - | 650,780 |
| - | 257,002 | - | 116,964 | 373,966 |
| - | - | - | - | 124,453 |
| - | - | - | 124,453 | 124,453 |
| - | - | - | - | 1,670 |
| \$ 38,841 | \$ 404,030 | \$ 738,942 | \$ 1,074,706 | \$ 4,819,835 |
| \$ - | \$ - | \$ - | \$ 47,133 | \$ 49,490 |
| - | - | - | - | 124,453 |
| - | - | - | - | 1,007 |
| - | - | - | 38,000 | 38,000 |
| - | - | - | 85,133 | 212,950 |
| - | 257,002 | - | 116,964 | 1,838,992 |
| - | 257,002 | - | 202,097 | 2,051,942 |
| - | 147,028 | - | - | 147,028 |
| - | - | - | - | 105,420 |
| - | - | - | - | 841,876 |
| - | - | - | - | 23,177 |
| 38,841 | - | 738,942 | - | 777,783 |
| - | - | - | 872,609 | 872,609 |
| 38,841 | 147,028 | 738,942 | 872,609 | 2,767,893 |
| \$ 38,841 | \$ 404,030 | \$ 738,942 | \$ 1,074,706 | \$ 4,819,835 |

Charter Township of Northville

| | Special Revenue Funds | | |
|--|---|---------------------|-------------------|
| | Community Development Block Grant | Youth Assistance | Shared Services |
| Revenue | | | |
| Property taxes | \$ - | \$ - | \$ 1,412,239 |
| Federal grants | 301,933 | - | - |
| State-shared revenue and grants | - | - | - |
| Investment income | - | - | 1,850 |
| Other revenue | - | 133,852 | - |
| Total revenue | 301,933 | 133,852 | 1,414,089 |
| Expenditures | | | |
| Current -Recreation and culture | 301,933 | 151,121 | 1,117,000 |
| Capital outlay | - | - | - |
| Debt service | - | - | - |
| Total expenditures | 301,933 | 151,121 | 1,117,000 |
| Excess of Revenue (Under) Over Expenditures | - | (17,269) | 297,089 |
| Other Financing Sources (Uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | (266,230) |
| Total other financing (uses) sources | - | - | (266,230) |
| Net Change in Fund Balances | - | (17,269) | 30,859 |
| Fund Balances - Beginning of year | - | 145,866 | 811,017 |
| Fund Balances - End of year | \$ - | \$ 128,597 | \$ 841,876 |

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2015

| Debt Service Funds | | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|---------------------|---------------------------------|------------------------|--------------------------|--|
| Land Acquisition | Edenderry Paving SAD Fund | 2012 Refunding Debt | Capital Projects | |
| \$ - | \$ - | \$ - | \$ - | \$ 1,412,239 |
| - | - | - | - | 301,933 |
| - | - | - | 170,995 | 170,995 |
| - | 17,043 | - | 6,820 | 25,713 |
| - | 40,966 | 284,550 | 13,740 | 473,108 |
| - | 58,009 | 284,550 | 191,555 | 2,383,988 |
| - | - | - | - | 1,570,054 |
| - | - | - | 315,106 | 315,106 |
| 266,300 | 59,488 | 1,138,850 | - | 1,464,638 |
| 266,300 | 59,488 | 1,138,850 | 315,106 | 3,349,798 |
| (266,300) | (1,479) | (854,300) | (123,551) | (965,810) |
| 266,230 | - | 853,660 | 266,230 | 1,386,120 |
| - | - | - | - | (266,230) |
| 266,230 | - | 853,660 | 266,230 | 1,119,890 |
| (70) | (1,479) | (640) | 142,679 | 154,080 |
| 38,911 | 148,507 | 739,582 | 729,930 | 2,613,813 |
| \$ 38,841 | \$ 147,028 | \$ 738,942 | \$ 872,609 | \$ 2,767,893 |

Charter Township of Northville

| | Special Revenue Funds | | |
|--|-----------------------------------|-------------|--|
| | Community Development Block Grant | | |
| | Final Budget (Unaudited) | Actual | Variance Favorable (Unfavorable) |
| Revenue | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Federal grants | 302,000 | 301,933 | (67) |
| Net investment income | - | - | - |
| Other revenue and transfers | - | - | - |
| Total revenue | 302,000 | 301,933 | (67) |
| Expenditures | | | |
| Recreation and culture | 302,000 | 301,933 | 67 |
| Transfers out | - | - | - |
| Total expenditures | 302,000 | 301,933 | 67 |
| Excess of Revenue (Under) Over Expenditures | - | - | - |
| Fund Balance - Beginning of year | - | - | - |
| Fund Balance - End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Special Revenue Funds
Year Ended December 31, 2015

| Special Revenue Funds | | | | | |
|-----------------------------|--------------------------|--|-----------------------------|--------------------------|--|
| Youth Assistance | | | Shared Services | | |
| Final Budget (Unaudited) | Actual | Variance Favorable (Unfavorable) | Final Budget (Unaudited) | Actual | Variance Favorable (Unfavorable) |
| \$ - | \$ - | \$ - | \$ 1,367,000 | \$ 1,412,239 | \$ 45,239 |
| - | - | - | - | - | - |
| - | - | - | 1,500 | 1,850 | 350 |
| <u>131,550</u> | <u>133,852</u> | <u>2,302</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 131,550 | 133,852 | 2,302 | 1,368,500 | 1,414,089 | 45,589 |
| 156,160 | 151,121 | 5,039 | 1,117,000 | 1,117,000 | - |
| - | - | - | 266,230 | 266,230 | - |
| <u>156,160</u> | <u>151,121</u> | <u>5,039</u> | <u>1,383,230</u> | <u>1,383,230</u> | <u>-</u> |
| (24,610) | (17,269) | 7,341 | (14,730) | 30,859 | 45,589 |
| <u>116,781</u> | <u>145,866</u> | <u>29,085</u> | <u>781,884</u> | <u>811,017</u> | <u>29,133</u> |
| <u>\$ 92,171</u> | <u>\$ 128,597</u> | <u>\$ 36,426</u> | <u>\$ 767,154</u> | <u>\$ 841,876</u> | <u>\$ 74,722</u> |

Charter Township of Northville

Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds December 31, 2015

| | <u>Tax Collection Fund</u> | <u>Agency</u> | <u>Escrow</u> | <u>Total Agency Funds</u> |
|--------------------------------------|--------------------------------|---------------------|---------------------|-------------------------------|
| Assets - Cash and investments | \$ 7,269,504 | \$ 1,045,000 | \$ 1,650,716 | \$ 9,965,220 |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 76 | \$ 1,683 | \$ 1,759 |
| Tax collections distributable | 7,269,504 | - | - | 7,269,504 |
| Bonds and deposits | - | 1,044,924 | 1,649,033 | 2,693,957 |
| Total liabilities | \$ 7,269,504 | \$ 1,045,000 | \$ 1,650,716 | \$ 9,965,220 |

Charter Township of Northville

Other Supplemental Information Combining Statement of Changes in Assets and Liabilities Agency Funds Year Ended December 31, 2015

| | Balance at January 1, 2015 | Additions | Reductions | Balance at December 31, 2015 |
|--------------------------------------|-------------------------------|----------------------|------------------------|------------------------------------|
| Assets - Cash and investments | \$ 9,528,038 | \$ 84,028,491 | \$ (83,591,309) | \$ 9,965,220 |
| Liabilities | | | | |
| Accounts payable | \$ 10,166 | \$ 1,712,145 | \$ (1,720,552) | \$ 1,759 |
| Tax collections distributable | 6,934,535 | 57,125,416 | (56,790,447) | 7,269,504 |
| Bonds and deposits | 2,583,337 | 1,442,687 | (1,332,067) | 2,693,957 |
| Total liabilities | \$ 9,528,038 | \$ 60,280,248 | \$ (59,843,066) | \$ 9,965,220 |

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

| | 2006 | 2007 | 2008 | 2009 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 13,445,433 | \$ 15,401,190 | \$ 16,465,320 | \$ 15,250,778 |
| Restricted | 6,889,077 | 6,994,500 | 7,211,812 | 7,600,151 |
| Unrestricted | 9,418,678 | 10,321,153 | 8,939,876 | 8,516,637 |
| Total governmental activities net position | \$ 29,753,188 | \$ 32,716,843 | \$ 32,617,008 | \$ 31,367,566 |
| Business-type Activities | | | | |
| Net investment in capital assets | \$ 50,441,381 | \$ 49,543,959 | \$ 48,767,000 | \$ 47,888,661 |
| Restricted | - | - | - | - |
| Unrestricted | 35,292,772 | 37,623,685 | 37,487,872 | 35,534,909 |
| Total business-type activities net position | \$ 85,734,153 | \$ 87,167,644 | \$ 86,254,872 | \$ 83,423,570 |
| Primary Government in Total | | | | |
| Net investment in capital assets | \$ 63,886,814 | \$ 64,945,149 | \$ 65,232,320 | \$ 63,139,439 |
| Restricted | 6,889,077 | 6,994,500 | 7,211,812 | 7,600,151 |
| Unrestricted | 44,711,450 | 47,944,838 | 46,427,748 | 44,051,546 |
| Total primary government net position | \$ 115,487,341 | \$ 119,884,487 | \$ 118,871,880 | \$ 114,791,136 |

Source: Township's annual financial statements

Financial Trends
Net Position by Component
(Unaudited)

| December 31 | | | | | |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 19,648,586 | \$ 21,854,912 | \$ 23,055,264 | \$ 24,441,185 | \$ 25,741,191 | \$ 27,791,289 |
| 8,798,250 | 6,670,564 | 8,666,302 | 7,352,257 | 5,641,118 | 6,891,613 |
| 6,657,863 | 11,865,805 | 9,927,066 | 11,144,529 | 14,770,526 | 8,041,009 |
| <u>\$ 35,104,699</u> | <u>\$ 40,391,281</u> | <u>\$ 41,648,632</u> | <u>\$ 42,937,971</u> | <u>\$ 46,152,835</u> | <u>\$ 42,723,911</u> |
| | | | | | |
| \$ 46,887,535 | \$ 46,458,045 | \$ 46,350,805 | \$ 46,098,141 | \$ 46,582,470 | \$ 46,295,825 |
| - | - | - | - | - | - |
| 34,553,614 | 34,564,108 | 35,809,582 | 34,320,753 | 33,951,924 | 34,966,807 |
| <u>\$ 81,441,149</u> | <u>\$ 81,022,153</u> | <u>\$ 82,160,387</u> | <u>\$ 80,418,894</u> | <u>\$ 80,534,394</u> | <u>\$ 81,262,632</u> |
| | | | | | |
| \$ 66,536,121 | \$ 68,312,957 | \$ 69,406,069 | \$ 70,539,326 | \$ 72,323,661 | \$ 74,087,114 |
| 8,798,250 | 6,670,564 | 8,666,302 | 7,352,257 | 5,641,118 | 6,891,613 |
| 41,211,477 | 46,429,913 | 45,736,648 | 45,465,282 | 48,722,450 | 43,007,816 |
| <u>\$ 116,545,848</u> | <u>\$ 121,413,434</u> | <u>\$ 123,809,019</u> | <u>\$ 123,356,865</u> | <u>\$ 126,687,229</u> | <u>\$ 123,986,543</u> |

Charter Township of Northville

| | 2006 | 2007 | 2008 | 2009 |
|------------------------------------|--------------|--------------|--------------|--------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,971,812 | \$ 2,678,955 | \$ 3,738,047 | \$ 4,639,368 |
| Public safety: | | | | |
| Police and fire | 8,475,343 | 9,614,413 | 10,345,758 | 10,169,722 |
| Building department | 931,594 | 898,056 | 834,378 | 700,734 |
| Community and economic development | 393,106 | 336,423 | 399,671 | 418,448 |
| Recreation and culture | 1,343,320 | 1,580,297 | 1,923,676 | 1,554,766 |
| Interest on long-term debt | 915,612 | 697,494 | 683,335 | 1,243,164 |
| Total governmental activities | 15,030,787 | 15,805,638 | 17,924,865 | 18,726,202 |
| Business-type activities: | | | | |
| Water and sewer | 11,728,353 | 12,683,067 | 14,226,522 | 13,391,348 |
| Solid waste | 1,028,391 | 1,095,782 | 1,185,965 | 1,217,156 |
| Total business-type activities | 12,756,744 | 13,778,849 | 15,412,487 | 14,608,504 |
| Program Revenue | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 601,866 | 540,487 | 520,469 | 1,721,876 |
| Public safety: | | | | |
| Police and fire | 487,791 | 570,697 | 727,992 | 578,392 |
| Building department | 910,345 | 680,111 | 819,443 | 378,456 |
| Community and economic development | 41,645 | 45,208 | 34,945 | 14,320 |
| Recreation and culture | 4 | 6,000 | 115,388 | 95,473 |
| Operating grants and contributions | 643,545 | 349,679 | 397,606 | 476,167 |
| Capital grants and contributions | 1,843,613 | 29,242 | - | 194,586 |
| Total governmental activities | 4,528,809 | 2,221,424 | 2,615,843 | 3,459,270 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 8,707,884 | 10,266,714 | 9,922,292 | 9,134,727 |
| Solid waste | 1,082,620 | 1,124,396 | 1,152,172 | 1,169,980 |
| Operating grants and contributions | 3,353,724 | 1,549,807 | 1,879,681 | 677,585 |
| Capital grants and contributions | 600,210 | 654,605 | 360,990 | 580,838 |
| Total business-type activities | 13,744,438 | 13,595,522 | 13,315,135 | 11,563,130 |
| Total program revenue | 18,273,247 | 15,816,946 | 15,930,978 | 15,022,400 |
| Net (Expense) Revenue | | | | |
| Governmental activities | (10,501,978) | (13,584,214) | (15,309,022) | (15,266,932) |
| Business-type activities | 987,694 | (183,327) | (2,097,352) | (3,045,374) |
| Total net expense | (9,514,284) | (13,767,541) | (17,406,374) | (18,312,306) |

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

| December 31 | | | | | | |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| \$ 4,004,606 | \$ 2,046,634 | \$ 3,493,755 | \$ 2,653,730 | \$ 2,854,999 | \$ 3,433,997 | |
| 10,689,100 | 8,553,942 | 10,734,926 | 11,108,991 | 11,157,575 | 11,073,853 | |
| 447,318 | 370,979 | 491,918 | 558,867 | 574,795 | 642,982 | |
| 264,475 | 220,606 | 195,707 | 186,797 | 186,394 | 217,583 | |
| 1,395,161 | 2,475,283 | 1,989,540 | 1,833,427 | 1,436,843 | 1,587,317 | |
| <u>1,501,131</u> | <u>1,630,883</u> | <u>1,485,959</u> | <u>1,182,782</u> | <u>1,118,780</u> | <u>1,061,054</u> | |
| 18,301,791 | 15,298,327 | 18,391,805 | 17,524,594 | 17,329,386 | 18,016,786 | |
| 12,852,479 | 13,398,252 | 13,998,826 | 14,695,035 | 13,909,882 | 14,780,896 | |
| <u>1,238,403</u> | <u>1,047,325</u> | <u>1,273,154</u> | <u>934,679</u> | <u>1,133,997</u> | <u>1,145,022</u> | |
| 14,090,882 | 14,445,577 | 15,271,980 | 15,629,714 | 15,043,879 | 15,925,918 | |
| 649,747 | 1,132,659 | 870,261 | 980,963 | 836,203 | 867,597 | |
| 1,009,987 | 1,231,599 | 475,819 | 1,321,420 | 1,191,650 | 1,234,197 | |
| 688,833 | 748,445 | 1,062,979 | 1,181,220 | 1,051,596 | 1,135,386 | |
| 10,201 | 7,388 | 34,171 | 254,269 | 148,868 | 114,522 | |
| 169,192 | 207,152 | 140,731 | 142,802 | 135,413 | 63,298 | |
| 396,584 | 354,108 | 352,870 | 620,958 | 696,401 | 569,297 | |
| <u>4,078,833</u> | <u>1,105,462</u> | <u>2,061,160</u> | <u>17,451</u> | <u>244,931</u> | <u>245,651</u> | |
| <u>7,003,377</u> | <u>4,786,813</u> | <u>4,997,991</u> | <u>4,519,083</u> | <u>4,305,062</u> | <u>4,229,948</u> | |
| 9,372,655 | 10,291,344 | 12,289,757 | 10,548,452 | 10,371,892 | 13,289,726 | |
| 1,183,980 | 1,200,640 | 1,221,220 | 1,220,996 | 1,231,692 | 1,240,316 | |
| 1,107,566 | 2,171,519 | 320,675 | - | - | - | |
| <u>338,217</u> | <u>48,923</u> | <u>2,742,609</u> | <u>2,950,146</u> | <u>2,570,173</u> | <u>2,571,952</u> | |
| <u>12,002,418</u> | <u>13,712,426</u> | <u>16,574,261</u> | <u>14,719,594</u> | <u>14,173,757</u> | <u>17,101,994</u> | |
| <u>19,005,795</u> | <u>18,499,239</u> | <u>21,572,252</u> | <u>19,238,677</u> | <u>18,478,819</u> | <u>21,331,942</u> | |
| (11,298,414) | (10,511,514) | (13,393,814) | (13,005,511) | (13,024,324) | (13,786,838) | |
| <u>(2,088,464)</u> | <u>(733,151)</u> | <u>1,302,281</u> | <u>(910,120)</u> | <u>(870,122)</u> | <u>1,176,076</u> | |
| (13,386,878) | (11,244,665) | (12,091,533) | (13,915,631) | (13,894,446) | (12,610,762) | |

Charter Township of Northville

| | 2006 | 2007 | 2008 | 2009 |
|---|---------------------|---------------------|-----------------------|-----------------------|
| General Revenue | | | | |
| Property taxes | \$ 11,587,657 | \$ 12,193,135 | \$ 13,058,573 | \$ 12,510,856 |
| State-shared revenue | 1,454,282 | 1,468,024 | 1,429,285 | 1,259,930 |
| Unrestricted interest earnings/(loss) | 1,109,590 | 1,308,717 | 636,533 | 181,676 |
| Gain (loss) on sale of capital assets | (51,226) | 1,377,993 | 44,796 | 25,028 |
| Miscellaneous | 42,473 | 200,000 | 40,000 | 40,000 |
| Total general revenue | <u>14,142,776</u> | <u>16,547,869</u> | <u>15,209,187</u> | <u>14,017,490</u> |
| Business-type activities: | | | | |
| Unrestricted investment earnings/(loss) | 1,563,828 | 1,816,818 | 1,224,580 | 254,072 |
| Loss on sale of capital assets | - | - | - | - |
| Transfers out | (42,473) | (200,000) | (40,000) | (40,000) |
| Total business-type activities | <u>1,521,355</u> | <u>1,616,818</u> | <u>1,184,580</u> | <u>214,072</u> |
| Change in Net Position | | | | |
| Governmental activities | 3,640,798 | 2,963,655 | (99,835) | (1,249,442) |
| Business-type activities | 2,509,049 | 1,433,491 | (912,772) | (2,831,302) |
| Total change in net position | <u>\$ 6,149,847</u> | <u>\$ 4,397,146</u> | <u>\$ (1,012,607)</u> | <u>\$ (4,080,744)</u> |

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

| December 31 | | | | | | | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------|------|------|------|------|------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 13,470,603 | \$ 12,455,833 | \$ 12,135,482 | \$ 12,104,998 | \$ 12,941,502 | \$ 16,222,255 | | | | | | |
| 1,318,976 | 2,283,885 | 2,077,884 | 2,118,456 | 2,214,975 | 2,219,929 | | | | | | |
| 115,141 | 124,472 | 86,826 | (36,777) | 124,336 | 79,256 | | | | | | |
| 6,258 | 323,222 | 2,646 | 53,659 | 64,617 | 7,197 | | | | | | |
| <u>124,569</u> | <u>610,684</u> | <u>348,327</u> | <u>54,514</u> | <u>893,758</u> | <u>532,555</u> | | | | | | |
| <u>15,035,547</u> | <u>15,798,096</u> | <u>14,651,165</u> | <u>14,294,850</u> | <u>16,239,188</u> | <u>19,061,192</u> | | | | | | |
| | | | | | | | | | | | |
| 385,681 | 628,701 | 149,249 | (831,373) | 985,622 | 406,748 | | | | | | |
| (156,194) | - | - | - | - | - | | | | | | |
| <u>(123,444)</u> | <u>(314,546)</u> | <u>(313,296)</u> | <u>-</u> | <u>-</u> | <u>-</u> | | | | | | |
| <u>106,043</u> | <u>314,155</u> | <u>(164,047)</u> | <u>(831,373)</u> | <u>985,622</u> | <u>406,748</u> | | | | | | |
| | | | | | | | | | | | |
| 3,737,133 | 5,286,582 | 1,257,351 | 1,289,339 | 3,214,864 | 5,274,354 | | | | | | |
| <u>(1,982,421)</u> | <u>(418,996)</u> | <u>1,138,234</u> | <u>(1,741,493)</u> | <u>115,500</u> | <u>1,582,824</u> | | | | | | |
| <u>\$ 1,754,712</u> | <u>\$ 4,867,586</u> | <u>\$ 2,395,585</u> | <u>\$ (452,154)</u> | <u>\$ 3,330,364</u> | <u>\$ 6,857,178</u> | | | | | | |

Charter Township of Northville

| | 2006 | 2007 | 2008 | 2009 |
|---|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Reserved | \$ 1,868,867 | \$ 1,868,867 | \$ 1,640,915 | \$ 1,534,658 |
| Unreserved | 1,719,649 | 1,550,265 | 1,682,168 | 977,430 |
| Nonspendable: | | | | |
| Prepays | - | - | - | - |
| Long-term receivable | - | - | - | - |
| Restricted - Contributions and donations | - | - | - | - |
| Unassigned | - | - | - | - |
| Total General Fund | 3,588,516 | 3,419,132 | 3,323,083 | 2,512,088 |
| All Other Governmental Funds | | | | |
| Reserved | - | - | 225,000 | - |
| Unreserved, reported in: | | | | |
| Special revenue funds | 9,573,429 | 10,669,581 | 10,394,806 | 8,643,033 |
| Capital project funds | 1,376,843 | 1,405,323 | - | - |
| Debt service funds | 292,453 | 369,343 | 887,793 | 1,080,975 |
| 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 | 11,242,725 | 12,444,247 | 11,507,599 | 9,724,008 |
| Total | \$ 14,831,241 | \$ 15,863,379 | \$ 14,830,682 | \$ 12,236,096 |

Source: Township's annual financial statements

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

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

| Year Ended December 31 | | | | | |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 1,446,400 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 835,619 | - | - | - | - | - |
| - | 45,024 | 47,588 | 39,012 | 24,955 | 28,931 |
| - | 1,303,142 | 1,159,884 | 960,111 | 816,853 | 673,595 |
| - | - | 5,000 | 5,125 | 6,225 | 6,225 |
| - | 3,127,521 | 4,429,642 | 5,752,961 | 7,036,145 | 8,458,234 |
| 2,282,019 | 4,475,687 | 5,642,114 | 6,757,209 | 7,884,178 | 9,166,985 |
| - | - | - | - | - | - |
| 8,075,987 | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,495,640 | - | - | - | - | - |
| - | 136,027 | 17,697 | - | 81,243 | 108,660 |
| - | 1,972,012 | 1,439,625 | 1,097,614 | 811,017 | 841,876 |
| - | 959,569 | 1,360,894 | 1,207,110 | 431,690 | 390,854 |
| - | 169,860 | 145,555 | 123,696 | 104,265 | 105,420 |
| - | - | 1,590,962 | 1,455,089 | 1,339,507 | 1,249,549 |
| - | 3,013,779 | 3,533,774 | 2,862,861 | 2,356,783 | 3,758,701 |
| - | - | - | 54,433 | 26,833 | 20,864 |
| - | - | - | 33,115 | 41,601 | 23,177 |
| - | 2,786,945 | 437,084 | 551,014 | 1,508,423 | 1,650,392 |
| - | (26,088) | - | - | - | - |
| 9,571,627 | 9,012,104 | 8,525,591 | 7,384,932 | 6,701,362 | 8,149,493 |
| \$ 11,853,646 | \$ 13,487,791 | \$ 14,167,705 | \$ 14,142,141 | \$ 14,585,540 | \$ 17,316,478 |

Charter Township of Northville

| | 2006 | 2007 | 2008 | 2009 |
|--|----------------------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Property taxes | \$ 11,587,657 | \$ 12,193,135 | \$ 13,058,573 | \$ 12,510,856 |
| Licenses, permits, and charges for services | 910,345 | 680,111 | 819,443 | 378,456 |
| Federal grants | 499,408 | 163,810 | 172,221 | 391,171 |
| State sources | 1,464,219 | 1,447,049 | 1,437,321 | 1,505,441 |
| Local sources | 51,863 | 26,450 | - | - |
| Special assessments collected | - | - | - | - |
| Fines and forfeitures | 275,826 | 254,739 | 425,927 | 195,468 |
| Interest income | - | - | 636,533 | 181,676 |
| Proceeds from sale of land | - | 1,997,000 | - | - |
| Other revenue | 2,342,037 | 2,465,039 | 1,087,160 | 1,822,921 |
| Total revenue | 17,131,355 | 19,227,333 | 17,637,178 | 16,985,989 |
| Expenditures | | | | |
| Current services: | | | | |
| Legislative | 998,737 | 1,275,798 | 1,962,825 | 2,748,318 |
| Clerk | 537,608 | 354,618 | 458,476 | 365,539 |
| Treasurer | 886,776 | 918,435 | 969,488 | 1,014,326 |
| Police department | 5,661,169 | 5,914,714 | 6,877,919 | 8,067,776 |
| Fire department | 2,888,024 | 3,336,674 | 3,600,602 | 3,391,803 |
| Building department | 858,659 | 836,152 | 791,898 | 726,608 |
| Planning and zoning | 309,208 | 226,540 | 253,182 | 250,290 |
| Shared services | 1,550,175 | 1,637,625 | 1,887,159 | 1,519,979 |
| Community development programs | 83,898 | 109,883 | 146,489 | 168,158 |
| Other | - | - | 258,620 | 551,340 |
| Capital outlay | 392,709 | 2,300,480 | 55,081 | 21,682,558 |
| Debt service - Principal | 881,452 | 789,033 | 802,324 | 790,000 |
| Debt service - Interest | 947,085 | 695,243 | 690,608 | 1,003,908 |
| Total expenditures | 15,995,500 | 18,395,195 | 18,754,671 | 42,280,603 |
| Excess of Revenue Over (Under) Expenditures | 1,135,855 | 832,138 | (1,117,493) | (25,294,614) |
| Other Financing (Uses) Sources | | | | |
| Payment to refunded bond escrow agent | (2,550,000) | - | - | - |
| Debt premium | - | - | - | - |
| Proceeds from issuance of debt | 2,645,000 | - | - | 22,635,000 |
| Proceeds from sale of assets | - | - | 44,796 | 25,028 |
| Transfers in | 3,063,703 | 3,122,396 | 4,156,643 | 2,425,300 |
| Transfers out | (3,021,230) | (2,922,396) | (4,116,643) | (2,385,300) |
| Total other financing sources | 137,473 | 200,000 | 84,796 | 22,700,028 |
| Net Change in Fund Balances | 1,273,328 | 1,032,138 | (1,032,697) | (2,594,586) |
| Fund Balances - Beginning of year | 13,652,913 | 14,926,241 | 15,958,379 | 14,925,682 |
| Fund Balances - End of year | \$ 14,926,241 | \$ 15,958,379 | \$ 14,925,682 | \$ 12,331,096 |
| Debt Service as a Percentage of Noncapital Expenditures | 6.1% | 4.3% | 3.7% | 4.9% |

Source: Township's annual financial statements

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

| Year Ended December 31 | | | | | | | | | | | |
|------------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-----------|-------------------|-----------|-------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | | | | | |
| \$ | 13,470,603 | \$ | 12,455,833 | \$ | 12,135,482 | \$ | 12,104,998 | \$ | 12,941,502 | \$ | 16,222,255 |
| | 688,833 | 748,445 | 1,062,979 | 1,361,730 | 1,282,307 | 2,007,797 | | | | | |
| | 203,337 | 484,758 | 2,211,091 | 474,722 | 462,664 | 463,088 | | | | | |
| | 4,918,976 | 2,600,131 | 2,157,804 | 2,147,098 | 2,261,359 | 2,427,018 | | | | | |
| | - | - | - | - | - | - | | | | | |
| | - | - | - | - | - | - | | | | | |
| | 314,475 | 327,666 | 196,471 | 272,560 | - | 153,631 | | | | | |
| | 115,141 | 124,472 | 86,826 | (36,777) | 124,336 | 79,256 | | | | | |
| | - | - | - | - | - | - | | | | | |
| | 1,663,157 | 3,516,229 | 2,139,410 | 2,256,948 | 3,179,280 | 1,982,262 | | | | | |
| | 21,374,522 | 20,257,534 | 19,990,063 | 18,581,279 | 20,251,448 | 23,335,307 | | | | | |
| | 1,360,266 | 1,372,569 | 1,615,843 | 1,275,674 | 2,314,508 | 1,954,709 | | | | | |
| | 354,736 | 360,165 | 438,753 | 354,551 | 386,344 | 333,552 | | | | | |
| | 977,899 | 1,061,269 | 984,656 | 987,325 | 952,924 | 976,064 | | | | | |
| | 5,895,996 | 6,104,468 | 6,400,651 | 6,225,928 | 6,563,346 | 6,764,212 | | | | | |
| | 3,684,062 | 3,548,206 | 4,259,831 | 4,299,760 | 4,750,283 | 4,747,836 | | | | | |
| | 381,263 | 431,065 | 482,455 | 548,026 | 526,861 | 640,655 | | | | | |
| | 226,262 | 159,760 | 165,172 | 173,747 | 186,394 | 217,583 | | | | | |
| | 1,348,685 | 1,054,694 | 1,543,347 | 1,311,042 | 1,292,417 | 1,570,054 | | | | | |
| | 38,213 | 60,846 | 30,535 | 13,050 | - | - | | | | | |
| | 613,047 | - | - | - | - | - | | | | | |
| | 4,053,575 | 1,394,769 | 539,304 | 491,075 | 184,218 | 315,106 | | | | | |
| | 1,595,000 | 1,750,000 | 1,775,000 | 1,865,000 | 1,890,000 | 1,980,000 | | | | | |
| | 1,370,565 | 1,644,527 | 1,520,616 | 1,231,000 | 1,177,108 | 1,120,881 | | | | | |
| | 21,899,569 | 18,942,338 | 19,756,163 | 18,776,178 | 20,224,403 | 20,620,652 | | | | | |
| | (525,047) | 1,315,196 | 233,900 | (194,899) | 27,045 | 2,714,655 | | | | | |
| | - | - | (9,826,007) | - | - | - | | | | | |
| | - | - | 843,254 | - | - | - | | | | | |
| | - | - | 9,115,000 | - | - | - | | | | | |
| | 19,153 | 4,403 | 471 | 74,335 | 416,354 | 16,283 | | | | | |
| | 1,476,636 | 1,655,001 | 2,438,016 | 2,868,292 | 1,642,100 | 1,386,120 | | | | | |
| | (1,353,192) | (1,340,455) | (2,124,720) | (2,868,292) | (1,642,100) | (1,386,120) | | | | | |
| | 142,597 | 318,949 | 446,014 | 74,335 | 416,354 | 16,283 | | | | | |
| | (382,450) | 1,634,145 | 679,914 | (120,564) | 443,399 | 2,730,938 | | | | | |
| | 12,331,096 | 11,948,646 | 13,582,791 | 14,262,705 | 14,142,141 | 14,585,540 | | | | | |
| \$ | 11,948,646 | \$ | 13,582,791 | \$ | 14,262,705 | \$ | 14,142,141 | \$ | 14,585,540 | \$ | 17,316,478 |
| | 7.7% | 9.4% | 7.9% | 6.7% | 5.9% | 5.5% | | | | | |

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 |
|----------|-------------|------------------|----------------|---------------|---------------|--------------|
| 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 | - |
| 2013 | 2014 | 1,530,830,084 | 159,848,207 | 34,106,264 | 1,532,735 | - |
| 2014 | 2015 | 1,588,937,304 | 166,723,196 | 34,596,194 | - | - |

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 |
|-------------------|---------------------|---------------------|--------------------------------|---|
| \$ 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% |
| 63,449,640 | 1,789,766,930 | 7.1074 | 1,867,281,729 | 95.85% |
| 61,449,200 | 1,851,705,894 | 8.6564 | 2,014,863,081 | 91.90% |

Charter Township of Northville

Northville Township

| Tax Year | Fiscal Year | Operating | Operating* | Public Safety* | Park Development | Shared Services* | Debt Service | Total |
|----------|-------------|-----------|------------|----------------|------------------|------------------|--------------|--------|
| 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 |
| 2013 | 2014 | 0.6824 | 0.1176 | 5.0000 | - | 0.4574 | 0.8500 | 7.1074 |
| 2014 | 2015 | 0.6816 | 0.1176 | 6.2500 | - | 0.7574 | 0.8498 | 8.6564 |

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

| Homestead | Northville | | Wayne | | Schoolcraft College | Zoo Authority | DIA Authority | Huron Clinton | | State Education | Total All Jurisdictions Homestead | Total All Jurisdictions Non- Homestead |
|-----------|-------------------|---------------------|-----------------|----------------|------------------------|------------------|------------------|--------------------|--------|--------------------|---|---|
| | Non- Homestead | District Library | Wayne County | County RESA | | | | Metro Authority | | | | |
| 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 | |
| 5.3000 | 23.3000 | 1.3913 | 7.8220 | 3.4643 | 1.7967 | 0.1000 | 0.2000 | 0.2146 | 6.0000 | 33.3963 | 51.3963 | |
| 4.8678 | 22.8678 | 1.2856 | 7.8220 | 3.4643 | 1.7967 | 0.1000 | 0.2000 | 0.2146 | 6.0000 | 34.4074 | 52.4074 | |

Charter Township of Northville

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

| Taxpayer | 2014 Taxable Value | Percentage of Total | 2014 Rank | 2005 Taxable Value | Percentage of Total | 2005 Rank |
|-----------------------------------|--------------------------------|------------------------|--------------|--------------------------------|------------------------|--------------|
| Wilson Park Place, LLC | \$ 20,637,500 | 1.11% | 1 | \$ 14,005,452 | 0.80% | 1 |
| Consumers Energy | 16,230,737 | 0.88% | 2 | 9,185,497 | 0.52% | 4 |
| DTE Energy | 15,421,085 | 0.83% | 3 | 9,172,129 | 0.52% | 5 |
| REIS-MOB I, LLC | 9,456,700 | 0.51% | 4 | | | |
| Kings Mill Cooperative | 9,028,200 | 0.49% | 5 | 7,462,489 | 0.42% | 7 |
| ZF Technologies LTD * | 8,692,000 | 0.47% | 6 | 10,302,069 | 0.59% | 3 |
| Meijer Inc. | 6,822,400 | 0.37% | 7 | 6,259,176 | 0.36% | 8 |
| BHI-SEI Northville Delaware LLC | 6,461,800 | 0.35% | 8 | | | |
| IAV Automotive Engineering | 6,585,848 | 0.36% | 9 | | | |
| Huntington Management | 5,905,890 | 0.32% | 10 | | | |
| Hayes-Lemmerz | - | - | | 11,430,329 | 0.65% | 2 |
| RH Innsbrook LLC | - | - | | 8,045,600 | 0.46% | 6 |
| Hidden Coves Estates LLC | - | - | | 5,626,500 | 0.32% | 9 |
| Kohl's Department Stores, Inc. | - | - | | 5,264,941 | 0.30% | 10 |
| Total | <u><u>\$ 105,242,160</u></u> | <u><u>5.68%</u></u> | | <u><u>\$ 86,754,182</u></u> | <u><u>4.94%</u></u> | |
| Source: Assessor's records | | | | | | |
| Total taxable value for each year | <u><u>\$ 1,851,705,894</u></u> | <u><u>5.68%</u></u> | | <u><u>\$ 1,755,884,750</u></u> | <u><u>4.94%</u></u> | |

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 |
|----------|-------------|----------------|--|---------------------------|------------------------|-----------------------|--|
| 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% |
| 2013 | 2014 | 12,823,837 | 12,491,792 | 97.41 | 332,045 | 12,812,270 | 99.91% |
| 2014 | 2015 | 16,117,438 | 15,704,034 | 97.44 | 389,749 | 16,093,783 | 99.85% |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | |
| General obligation bonds (1) | \$ 17,120,000 | \$ 16,410,000 | \$ 15,695,000 | \$ 36,935,000 | \$ 35,390,000 |
| Installment purchase agreements | 131,357 | 67,324 | - | - | - |
| Special assessment bonds | 75,000 | 60,000 | 40,000 | 645,000 | 595,000 |
| Total | 17,326,357 | 16,537,324 | 15,735,000 | 37,580,000 | 35,985,000 |
| Business-type Activities | | | | | |
| General obligation bonds | - | - | - | 1,125,000 | 1,125,000 |
| Capital improvement bonds | - | 5,000,000 | 4,900,000 | 4,800,000 | 4,700,000 |
| State Revolving Loan Fund | - | - | - | - | - |
| Total | - | 5,000,000 | 4,900,000 | 5,925,000 | 5,825,000 |
| Total debt of the government | \$ 17,326,357 | \$ 21,537,324 | \$ 20,635,000 | \$ 43,505,000 | \$ 41,810,000 |
| Total taxable value | \$ 1,755,884,750 | \$ 1,939,716,641 | \$ 2,073,030,468 | \$ 2,036,479,322 | \$ 1,886,033,923 |
| Ratio of total debt to taxable value | 0.99% | 1.11% | 1.00% | 2.14% | 2.22% |
| Total population * | 26,430 | 26,533 | 26,879 | 26,969 | 28,497 |
| Total debt per capita | \$ 656 | \$ 812 | \$ 768 | \$ 1,613 | \$ 1,467 |

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

(1) Less deferred amount on refunding through the fiscal year ending December 31, 2011.

Note: Personal income information is not available

Source: Township's annual financial statements

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

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| \$ | 33,670,000 | \$ 32,468,254 | \$ 30,558,929 | \$ 28,624,603 | \$ 26,600,278 |
| | - | - | - | - | - |
| | <u>565,000</u> | <u>525,000</u> | <u>485,000</u> | <u>445,000</u> | <u>405,000</u> |
| | 34,235,000 | 32,993,254 | 31,043,929 | 29,069,603 | 27,005,278 |
| | 1,100,000 | 1,075,000 | 1,050,000 | 1,000,000 | 925,000 |
| | 4,600,000 | 4,400,000 | 4,200,000 | 4,000,000 | 3,955,348 |
| | - | <u>48,291</u> | <u>1,451,805</u> | <u>1,391,805</u> | <u>1,331,805</u> |
| | <u>5,700,000</u> | <u>5,523,291</u> | <u>6,701,805</u> | <u>6,391,805</u> | <u>6,212,153</u> |
| \$ | <u>39,935,000</u> | <u>38,516,545</u> | <u>37,745,734</u> | <u>35,461,408</u> | <u>33,217,431</u> |
| \$ | 1,742,126,090 | \$ 1,710,015,057 | \$ 1,756,604,647 | \$ 1,789,766,930 | \$ 1,851,705,894 |
| | 2.29% | 2.25% | 2.15% | 1.98% | 1.79% |
| | 29,057 | 29,514 | 30,255 | 30,490 | 30,010 |
| \$ | 1,374 | \$ 1,305 | \$ 1,248 | \$ 1,163 | \$ 1,107 |

Charter Township of Northville

Debt Capacity Ratios of General Bonded Debt Outstanding (Unaudited)

| Fiscal Year | Tax - Limited General Obligation Bonds (LTGO) | Tax Supported Bonds (UTGO) | Less Amounts Available in Debt Service Fund (1) | Total | Taxable Value | Debt as a Percentage of Taxable Value | Population (2) | Debt per Capita |
|-------------|--|-------------------------------|--|---------------|------------------|---|----------------|--------------------|
| 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 |
| 2014 | 10,479,603 | 18,955,000 | 1,210,183 | 28,224,420 | 1,789,766,930 | 1.58 | 30,490 | 926 |
| 2015 | 14,220,626 | 17,260,000 | 1,168,636 | 30,311,990 | 1,851,705,894 | 1.64 | 30,010 | 1,010 |

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 assigned and restricted for debt service principal payments

(2) Population estimate information obtained from the Southeast Michigan Council of Governments: www.semCog.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 | \$ 52,860,000 | 65.93 | \$ 34,850,598 |
| Plymouth-Canton District | 242,757,000 | 2.68 | 6,505,888 |
| Wayne County | 307,331,740 | 4.73 | 14,536,791 |
| Schoolcraft Community College | 16,035,000 | 14.53 | <u>2,329,886</u> |
| Total overlapping debt | | | 58,223,162 |
| Direct Township debt (1) | | | <u>27,005,278</u> |
| Total direct and overlapping debt | | | <u>\$ 85,228,440</u> |

(1) Percent obtained from Municipal Advisory Council of Michigan

Source: Various taxing authorities

Charter Township of Northville

| | 2006 | 2007 | 2008 |
|---|------------------------------|------------------------------|------------------------------|
| Calculation of Debt Limit | | | |
| State equalized valuation (2) | \$ 2,051,770,547 | \$ 2,254,275,696 | \$ 2,356,196,789 |
| Assessed value equivalent of Act 198 exemptions (1) | <u>10,767,900</u> | <u>11,218,800</u> | <u>8,575,600</u> |
| Debt limit (10% of SEV) | 206,253,845 | 226,549,450 | 236,477,239 |
| Calculation of Debt Subject to Limit | | | |
| Total debt | 17,326,357 | 21,537,324 | 20,635,000 |
| Less special assessment bonds | <u>75,000</u> | <u>60,000</u> | <u>40,000</u> |
| Net debt subject to limit | <u>17,251,357</u> | <u>21,477,324</u> | <u>20,595,000</u> |
| Legal debt margin | <u>\$ 189,002,488</u> | <u>\$ 205,072,126</u> | <u>\$ 215,882,239</u> |
| Net Debt Subject to Limit as Percent of Debt Limit | 8.36% | 9.48% | 8.71% |

(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)**

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| \$ 2,227,724,000 | \$ 2,006,440,913 | \$ 1,817,740,850 | \$ 1,764,076,740 | \$ 1,836,113,250 | \$ 1,867,281,729 | \$ 2,014,863,081 |
| <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> | <u>13,549,646</u> | <u>12,924,500</u> |
| 223,406,110 | 202,118,254 | 183,709,055 | 177,727,424 | 185,157,125 | 188,083,138 | 202,778,758 |
| 43,505,000 | 41,810,000 | 39,935,000 | 38,516,545 | 37,745,734 | 35,461,408 | 33,217,431 |
| <u>645,000</u> | <u>595,000</u> | <u>565,000</u> | <u>525,000</u> | <u>485,000</u> | <u>445,000</u> | <u>405,000</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>35,016,408</u> | <u>32,812,431</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> | <u>\$ 153,066,730</u> | <u>\$ 169,966,327</u> |
| 19.18% | 20.39% | 21.43% | 21.38% | 20.12% | 18.62% | 16.18% |

Charter Township of Northville

Pledged Revenue Last Ten Fiscal Years (Unaudited)

| Fiscal Year | Special Assessment Bonds | | | |
|----------------|--------------------------------------|--------------|----------|----------|
| | Special Assessment Collections | Debt Service | | Coverage |
| | | Principal | Interest | |
| 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% |
| 2014 | 171,463 | 40,000 | 20,778 | 0.28% |
| 2015 | 112,847 | 40,000 | 19,488 | 0.19% |

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 |
|-------------|------------|--------------------------------------|-------------------------------|-------------------|
| 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 |
| 2014 | 30,490 | * | * | 1.50 |
| 2015 | 30,010 | * | * | * |

* Data as of December 31 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>2015 Employees</u> | <u>2004 Employees</u> |
|---------------------------|---------------------------|---------------------------|
| 1 Meijer, Inc. | 750 * | 750 * |
| 2 ZF Group North American | 450 | 400 |
| 3 Home Depot | 300 | - |
| 4 Belanger Inc | 150 | 150 |
| 5 Hawthorn Center | 150 | - |
| 6 Jack Doheny Co | 150 | - |
| 7 Kroger | 150 | - |

Charter Township of Northville

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

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Manager's office | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Treasurer department | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 5 | 5 |
| Human resources | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Information technology | 1 | 1 | 1 | 1 | - | 2 | 1 | 1 | 1 | 1 |
| Clerk's department | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 2 | 2 |
| Police department | 51 | 53 | 53 | 47 | 47 | 47 | 43.5 | 44 | 43 | 43 |
| Fire department | 23 | 30 | 30 | 27 | 27 | 28 | 28 | 32 | 32 | 32 |
| Building department * | 10 | 7 | 7 | 7 | 4 | 3.5 | 4.5 | 4.5 | 5.5 | 5.5 |
| Department of Public Services | 17 | 19 | 19 | 19 | 19 | 18 | 16 | 16 | 16 | 16 |
| Planning department * | 4 | 3 | 3 | 3 | 3 | 2 | 1.5 | 1.5 | 1.5 | 1.5 |
| Youth assistance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | <u>120</u> | <u>128</u> | <u>128</u> | <u>118</u> | <u>114</u> | <u>115</u> | <u>109</u> | <u>113</u> | <u>109</u> | <u>109</u> |

* Planning and Building each share one full-time employee.

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 | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------|--------------|-------------|-------------|--------------|--------------|
| Clerk's | | | | | |
| Election data | 2/28/2006 | | 1-15-08 PP | | |
| Registered voters | 16,511 | | 19,745 | | |
| Voters at polls | 2,651 | | 1,459 | | |
| Absentee ballots | 1,792 | | 4,260 | | |
| Percent voting | 27.00% | | 29.00% | | |
| 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 | 8-8-06 Prim | | 8-5-08 Prim | 8-4-09 Spec. | 8-3-10 Prim |
| Registered voters | 19,021 | | 20,261 | 20,379 | 20,904 |
| Voters at polls | 2,449 | | 2,953 | 3,127 | 4,092 |
| Absentee ballots | 2,414 | | 2,630 | 2,844 | 3,027 |
| Percent voting | 26.00% | | 28.00% | 29.00% | 34.00% |
| Election data | 11-7-06 Gen. | | 11-4-08 Gen | 11-3-09 Sch. | 11-2-10 Gen. |
| Registered voters | 19,532 | | 20,756 | 20,579 | 21,212 |
| Voters at polls | 8,870 | | 10,290 | 701 | 8,149 |
| Absentee ballots | 3,953 | | 6,477 | 2,451 | 4,396 |
| Percent voting | 66.00% | | 81% | 15.00% | 34.00% |

Operating Information
Operating Indicators
(Unaudited)

| 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------|--------------|------|-------------|-------------|
| | 2-28-12 PP | | | |
| | 21,665 | | | |
| | 3,117 | | | |
| | 2,676 | | | |
| | 27.00% | | | |
| 5-3-11 Sch. | | | | 5-5-15 Sch. |
| 19,305 | | | | 20,857 |
| 1,799 | | | | 3,506 |
| 2,121 | | | | 3,806 |
| 20.00% | | | | 35.06% |
| | 9-5-12 Spec. | | 8-5-14 Prim | |
| | 22,119 | | 22,499 | |
| | 578 | | 3,915 | |
| | 2,022 | | 3,277 | |
| | 12.00% | | 31.97% | |
| 11-8-11 Sch. | 11-6-12 Gen | | 11/4/14 Gen | 11/3/15 Gen |
| 21,571 | 22,560 | | 22,584 | 20,684 |
| 1,841 | 10,427 | | 7,457 | 1,125 |
| 2,368 | 6,993 | | 5,000 | 3,289 |
| 19.00% | 83.00% | | 59.83% | 21.34% |

Charter Township of Northville

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|-------|-------|-------|-------|-------|
| 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 | | | | | |
| Part A crimes | 936 | 781 | 901 | 933 | 880 |
| Part B crimes | 318 | 215 | 289 | 242 | 285 |
| Traffic crashes involving fatalities | - | 3 | - | - | - |
| Traffic crashes involving injuries | 122 | 107 | 86 | 91 | 82 |
| Property damage crashes | 419 | 392 | 328 | 374 | 353 |
| Parking violations | 143 | 159 | 129 | 165 | 126 |
| Moving traffic violations | 5,654 | 5,633 | 5,270 | 5,470 | 4,971 |
| Adult arrests | - | - | 730 | 644 | 899 |
| Juvenile arrests | - | - | 42 | 55 | 72 |
| OUIL arrests | 119 | 94 | 130 | 139 | 147 |
| False alarms | - | - | - | - | - |
| Fire | | | | | |
| Total fire calls | 2,146 | 2,066 | 2,054 | 2,136 | 2,334 |
| Fire incidents | 46 | 35 | 39 | 50 | 26 |
| Service incidents | 605 | 567 | 621 | 502 | 547 |
| Fire inspections conducted | - | - | - | - | - |

Operating Information
Operating Indicators
(Unaudited) (Continued)

| 2011 | 2012 | 2013 | 2014 | 2015 |
|-------|--------------|-------------|--------|--------|
| | 9-5-12 Spec. | 5-7-13 Sch. | | |
| | 22,119 | 1,987 | | |
| | 578 | 45 | | |
| | 2,022 | 269 | | |
| | 12.00% | 16.00% | | |
| | | 2,495 | 2,317 | 2,400 |
| | | 6,713 | 5,725 | 6,440 |
| | | 85 | 57 | 44 |
| | | 6,319 | 7,019 | 7,043 |
| | | 1,777 | 1,959 | 1,955 |
| | | 3,107 | 3,179 | 3,334 |
| | | 22 | 30 | 27 |
| | | 290 | 357 | 769 |
| | | 7 | 14 | 33 |
| | | 49,578 | 50,097 | 50,582 |
| | | 100 | 594 | 36 |
| | | 921 | 351 | 1,762 |
| 814 | 776 | 822 | 852 | 930 |
| 214 | 233 | 264 | 249 | 249 |
| 3 | 3 | - | - | - |
| 74 | 87 | 92 | 83 | 74 |
| 357 | 461 | 394 | 486 | 389 |
| 167 | 61 | 96 | 94 | 831 |
| 4,934 | 4,563 | 4,289 | 3,843 | 5,969 |
| 764 | 817 | 679 | 672 | 645 |
| 55 | 47 | 28 | 48 | 48 |
| 72 | 80 | 101 | 65 | 67 |
| 1,164 | 1,273 | 1,315 | 1,427 | 1,346 |
| 2,307 | 2,334 | 2,600 | 2,779 | 3,081 |
| 35 | 46 | 53 | 50 | 44 |
| 527 | 524 | 557 | 594 | 656 |
| - | - | 97 | 121 | 246 |

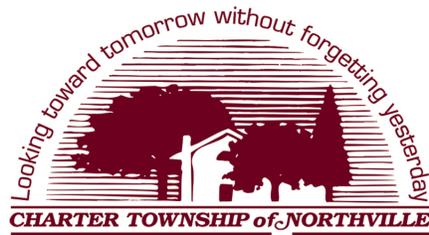
Charter Township of Northville

| Function/Program | 2006 | 2007 | 2008 | 2009 |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Water and Sewer | | | | |
| Customers: | | | | |
| Residential | 6,788 | 6,883 | 6,979 | 7,004 |
| Commercial | 1,029 | 1,047 | 1,059 | 1,060 |
| Water (in thousand gallons): | | | | |
| Purchased from Detroit | 1,220,883 | 1,369,911 | 1,300,041 | 1,242,248 |
| Sold to residents | 1,155,062 | 1,316,352 | 1,185,099 | 1,052,344 |
| Rates | | | | |
| Fixed rate monthly water charge (*) | \$ - | \$ - | \$ - | \$ - |
| Fixed rate monthly sewer charge (*) | - | - | - | - |
| Water rate per 1,000 gallons | 3.73 | 3.90 | 4.08 | 4.24 |
| Sewer rate per 1,000 gallons | 3.44 | 3.61 | 3.77 | 3.92 |
| Flat rate sewer (Bi-monthly rate) | \$ 86.00 | \$ 90.25 | \$ 94.25 | \$ 98.00 |

(*) In 2014, the Township adopted a fixed rate structure for both water and sewer fees.
Rates assume a 1" meter size.

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

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 7,109 | 7,200 | 7,332 | 7,430 | 7,483 | 7,512 |
| 1,061 | 1,055 | 1,059 | 1,061 | 1,069 | 1,076 |
| 1,166,527 | 1,196,646 | 1,305,133 | 1,078,321 | 931,731 | 996,543 |
| 1,040,398 | 1,068,677 | 1,223,513 | 1,006,256 | 868,217 | 936,387 |
| \$ - | \$ - | \$ - | \$ - | \$ 7.36 | \$ 15.62 |
| - | - | - | - | 2.78 | 12.45 |
| 4.45 | 4.71 | 4.94 | 5.19 | 5.19 | 5.19 |
| 4.12 | 4.37 | 4.59 | 4.82 | 4.82 | 4.82 |
| \$ 103.00 | \$ 109.25 | \$ 114.75 | \$ 120.49 | \$ 120.49 | \$ 120.49 |



A COMMITMENT TO SERVICE

*Courage • Leadership • **Vision** • Citizen Focused • Support & Infrastructure*

*Reliable & Responsible Stability • Quality of Life • **Events & Recreation***

*Desirable Community • **Future Generations** • **Managed Growth** • Safety & Security*

*Courage • **Leadership** • **Vision** • Citizen Focused • **Support & Infrastructure***

*Reliable & Responsible Stability • **Quality of Life** • **Events & Recreation***

*Desirable Community • **Future Generations** • **Managed Growth** • **Safety & Security***

Courage** • Leadership • **Vision** • Citizen Focused • **Support & Infrastructure

*Reliable & **Responsible Stability** • **Quality of Life** • **Events & Recreation***

*Desirable Community • **Future Generations** • **Managed Growth** • **Safety & Security***