

NORTHFIELD TOWNSHIP

Report on Audit of Financial Statements

For the Year Ended June 30, 2019

NORTHFIELD TOWNSHIP

TOWNSHIP OFFICIALS

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

TOWNSHIP BOARD

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

TOWNSHIP ATTORNEYS

Paul E. Burns

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

November 26, 2019

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northfield Township, Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northfield Township, Michigan, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 - 12 and 50 - 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

June 30, 2019

Within this section of Northfield Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2019. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The Township has three kinds of funds:

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

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

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

Notes to the financial statements

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

Other information

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

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

Financial Analysis of the Township as a Whole

The Township's net position at the end of the fiscal year was \$20,073,646. This is a \$704,334 increase over last year's net position of \$19,369,312. This increase is typical for the Township.

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

Summary of Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|------------------------------------|---------------------|-------------------------------------|----------------------|----------------------|----------------------|
| | <u>6/30/2019</u> | <u>6/30/2018</u> | <u>6/30/2019</u> | <u>6/30/2018</u> | <u>6/30/2019</u> | <u>6/30/2018</u> |
| Assets | | | | | | |
| Current and other assets | \$ 3,206,822 | \$ 3,270,670 | \$ 4,249,260 | \$ 3,879,663 | \$ 7,456,082 | \$ 7,150,333 |
| Capital assets | <u>7,517,632</u> | <u>7,375,486</u> | <u>8,340,968</u> | <u>8,631,991</u> | <u>15,858,600</u> | <u>16,007,477</u> |
| Total assets | <u>10,724,454</u> | <u>10,646,156</u> | <u>12,590,228</u> | <u>12,511,654</u> | <u>23,314,682</u> | <u>23,157,810</u> |
| Deferred outflows of resources | | | | | | |
| Pension | <u>222,792</u> | <u>73,062</u> | | | <u>222,792</u> | <u>73,062</u> |
| Liabilities | | | | | | |
| Other liabilities | 846,379 | 750,271 | 177,400 | 170,611 | 1,023,779 | 920,882 |
| Long-term liabilities | <u>1,488,088</u> | <u>1,848,662</u> | <u>883,902</u> | <u>997,498</u> | <u>2,371,990</u> | <u>2,846,160</u> |
| Total liabilities | <u>2,334,467</u> | <u>2,598,933</u> | <u>1,061,302</u> | <u>1,168,109</u> | <u>3,395,769</u> | <u>3,767,042</u> |
| Deferred inflows of resources | | | | | | |
| Pension | <u>68,059</u> | <u>94,518</u> | | | <u>68,059</u> | <u>94,518</u> |
| Net position: | | | | | | |
| Invested in capital assets, net of debt | 5,785,130 | 7,520,897 | 7,343,470 | 7,520,897 | 13,128,600 | 15,041,794 |
| Restricted | 1,593,309 | 1,866,880 | 1,952,214 | 2,023,518 | 3,545,523 | 3,890,398 |
| Unrestricted | <u>1,166,281</u> | <u>(1,362,010)</u> | <u>2,233,242</u> | <u>1,799,130</u> | <u>3,399,523</u> | <u>437,120</u> |
| Total net position | <u>\$ 8,544,720</u> | <u>\$ 8,025,767</u> | <u>\$ 11,528,926</u> | <u>\$ 11,343,545</u> | <u>\$ 20,073,646</u> | <u>\$ 19,369,312</u> |

| Summary of Changes in Net Position | | | | | | |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | Governmental | | Business-type | | Total | |
| | Activities | | Activities | | | |
| | 6/30/2019 | 6/30/2018 | 6/30/2019 | 6/30/2018 | 6/30/2019 | 6/30/2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 433,445 | \$ 394,381 | \$ 1,462,268 | \$ 1,340,524 | \$ 1,895,713 | \$ 1,734,905 |
| Operating grants and contributions | 8,000 | 273,212 | | | 8,000 | 273,212 |
| Capital grants and contributions | 505 | 150 | | 25,019 | 505 | 25,169 |
| General revenues: | | | | | | |
| State revenues | 785,117 | 734,891 | | | 785,117 | 734,891 |
| Public safety mileage reimbursement | 156,162 | | | | 156,162 | |
| Property taxes | 2,806,054 | 2,744,711 | | | 2,806,054 | 2,744,711 |
| Interest | 9,424 | 10,245 | 58,156 | 67,197 | 67,580 | 77,442 |
| Other | 585,089 | 617,279 | 2,324 | 124,252 | 587,413 | 741,531 |
| Gain on sale of assets | | 46,933 | (13,001) | | (13,001) | 46,933 |
| Total revenues | <u>4,783,796</u> | <u>4,821,802</u> | <u>1,509,747</u> | <u>1,556,992</u> | <u>6,293,543</u> | <u>6,378,794</u> |
| Expenses | | | | | | |
| General government | 1,257,034 | 994,316 | | | 1,257,034 | 994,316 |
| Fire protection | 715,469 | 683,441 | | | 715,469 | 683,441 |
| Police protection | 1,832,880 | 1,810,044 | | | 1,832,880 | 1,810,044 |
| Community center/community development | 180,177 | 170,954 | | | 180,177 | 170,954 |
| Public works/roads | 227,255 | 289,557 | | | 227,255 | 289,557 |
| Interest on long-term debt | 52,028 | 63,492 | | | 52,028 | 63,492 |
| Sewer system | | | 1,324,366 | 1,162,944 | 1,324,366 | 1,162,944 |
| Total expenses | <u>4,264,843</u> | <u>4,011,804</u> | <u>1,324,366</u> | <u>1,162,944</u> | <u>5,589,209</u> | <u>5,174,748</u> |
| Changes in net position | 518,953 | 809,998 | 185,381 | 394,048 | 704,334 | 1,204,046 |
| Beginning net position | <u>8,025,767</u> | <u>7,215,769</u> | <u>11,343,545</u> | <u>10,949,497</u> | <u>19,369,312</u> | <u>18,165,266</u> |
| Ending net position | <u>\$ 8,544,720</u> | <u>\$ 8,025,767</u> | <u>\$ 11,528,926</u> | <u>\$ 11,343,545</u> | <u>\$ 20,073,646</u> | <u>\$ 19,369,312</u> |

Financial Analysis of the Township's Funds

The Township's General Fund had revenues over expenditures totaling \$83,470. General Fund income decreased by \$159,302 over the previous year, due mostly to the prior year receipt of the Connecting Communities Grant, which reimbursed the Township for work on the Non-Motorized Path which had been completed in 2017. General Fund expenditures increased by \$113,772 over the previous fiscal year due to additional planner fees in relation to the North Village Project, master plan revisions and increased planning applications. There was also an increase in Capital Outlay expenditures to make improvement to the Community Center roof.

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

The expenditures exceed revenue for the Fire Fund in the amount of \$385,457. This is mostly due to the purchase of a new fire truck, totaling \$484,295. The Fire Fund saw a decrease in grant income and grant expense in 2019 due to changes with the FEMA grant program.

The Law Enforcement Fund had revenues over expenditures of \$59,337 due mostly to higher than expected personnel costs. The Law Enforcement Fund saw increases in taxes and local stabilization reimbursement, as well as the addition of the new Community Mental Health and Public Safety millage, which brought in an additional \$156,162 of revenue.

The Township's sole proprietary fund, the Sewage Disposal System Fund, reported a net gain of \$185,380. This is a decrease from the prior year net gain, as the prior year included grant income that did not recur in 2019. There also was no revenue from tap-in fees, which accounted for \$25,019 in the prior year. However, due to rate increases, usage fees saw an increase of \$121,744. Expenditures increased due to grant expenditures for the SAW Grant, which will be reimbursed in the next fiscal year.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

The governmental funds purchased \$497,633 of capital assets. Acquisitions included:

| | | |
|----|---------|----------------|
| \$ | 8,303 | Land |
| | 489,330 | Fire Equipment |

The business-type funds purchased dry pit pumps, process valves and three remote electromagnetic flow meters for \$61,517. A dry pit sewage pump was disposed of in the current year and resulted in a recorded loss on disposal of \$13,001.

The governmental funds made debt payments of \$481,404 during the year reducing the total outstanding debt to \$1,732,502.

The business-type funds made debt payments of \$113,596 during the year making the total outstanding \$997,498.

Economic Conditions and Future Activities

After several years of fluctuations in State Revenues sources, the Township saw an increase this year. The Township also received several grants this year. Management is hopeful taxable values continue to increase as they have this year.

Contacting the Township's Financial Management

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

BASIC FINANCIAL STATEMENTS

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP
STATEMENT OF NET POSITION
JUNE 30, 2019

| | Primary Government | | |
|---|---------------------------|----------------------|----------------------|
| | Governmental | Business-type | |
| | Activities | Activities | Total |
| ASSETS | | | |
| Cash and investments | \$ 2,843,272 | \$ 1,936,009 | \$ 4,779,281 |
| Cash and investments - restricted | | 1,312,209 | 1,312,209 |
| Receivables | | | |
| Taxes | 16,601 | | 16,601 |
| State shared revenues | 146,893 | | 146,893 |
| Accounts | 28,952 | 425,668 | 454,620 |
| Interest | | 5,982 | 5,982 |
| Special assessments - restricted | | 640,005 | 640,005 |
| Prepaid expenses | 73,830 | 946 | 74,776 |
| Intergovernmental | 71,559 | (71,559) | |
| Land contract receivable | | | |
| Current | 3,214 | | 3,214 |
| Non-current | 22,501 | | 22,501 |
| Capital assets, not being depreciated | | | |
| Non-depreciated | 861,534 | 226,918 | 1,088,452 |
| Depreciated, net | 6,656,098 | 8,114,050 | 14,770,148 |
| Total assets | 10,724,454 | 12,590,228 | 23,314,682 |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Pension activities | 222,792 | | 222,792 |
| LIABILITIES | | | |
| Accounts payable | 114,054 | 27,887 | 141,941 |
| Accrued compensated absences | 244,024 | 35,917 | 279,941 |
| Due to others | 6,897 | | 6,897 |
| Net pension liability | 236,990 | | 236,990 |
| Long term obligations | | | |
| Due within one year | 481,404 | 113,596 | 595,000 |
| Due beyond one year | 1,251,098 | 883,902 | 2,135,000 |
| Total liabilities | 2,334,467 | 1,061,302 | 3,395,769 |
| DEFERRED INFLOW OF RESOURCES | | | |
| Pension expense | 68,059 | | 68,059 |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 5,785,130 | 7,343,470 | 13,128,600 |
| Restricted | 1,593,309 | 1,952,214 | 3,545,523 |
| Unrestricted | 1,166,281 | 2,233,242 | 3,399,523 |
| Total net position | \$ 8,544,720 | \$ 11,528,926 | \$ 20,073,646 |

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

NORTHFIELD TOWNSHIP

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | | <u>Net (Expenses) Revenue and Changes in Net Position</u> | | |
|--|-------------------------|---------------------------------|---|----------------------------------|---|-------------------------------------|----------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| GOVERNMENTAL ACTIVITIES | | | | | | | |
| General government | \$ (1,257,034) | \$ 395,575 | \$ 8,000 | \$ | \$ (853,459) | \$ | \$ (853,459) |
| Fire protection | (715,469) | 24,867 | . | 505 | (690,097) | | (690,097) |
| Police protection | (1,832,880) | 13,003 | | | (1,819,877) | | (1,819,877) |
| Community center/recreation | (180,177) | | | | (180,177) | | (180,177) |
| Public works/roads | (227,255) | | | | (227,255) | | (227,255) |
| Interest on long-term debt | (52,028) | | | | (52,028) | | (52,028) |
| Total governmental activities | <u>(4,264,843)</u> | <u>433,445</u> | <u>8,000</u> | <u>505</u> | <u>(3,822,893)</u> | | <u>(3,822,893)</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | | | |
| Sewer system | (1,324,366) | 1,462,268 | | | | 137,902 | 137,902 |
| Total | <u>\$ (5,589,209)</u> | <u>\$ 1,895,713</u> | <u>\$ 8,000</u> | <u>\$ 505</u> | <u>(3,822,893)</u> | <u>137,902</u> | <u>(3,684,991)</u> |
| General revenues | | | | | | | |
| Property taxes | | | | | 2,806,054 | | 2,806,054 |
| State revenue sources | | | | | 785,117 | | 785,117 |
| Public safety mileage reimbursement | | | | | 156,162 | | 156,162 |
| Interest income - cash and equivalents | | | | | 9,424 | 14,276 | 23,700 |
| Interest income - special assessments | | | | | | 43,880 | 43,880 |
| Franchise fees | | | | | 96,556 | | 96,556 |
| Rental income | | | | | 331,628 | | 331,628 |
| Fines and forfeitures | | | | | 130,466 | | 130,466 |
| Other income | | | | | 26,439 | 2,324 | 28,763 |
| Gain (loss) on sale of assets | | | | | | (13,001) | (13,001) |
| Total general revenues | | | | | <u>4,341,846</u> | <u>47,479</u> | <u>4,389,325</u> |
| Changes in net position | | | | | <u>518,953</u> | <u>185,381</u> | <u>704,334</u> |
| Net position, July 1, 2018 | | | | | <u>8,025,767</u> | <u>11,343,545</u> | <u>19,369,312</u> |
| Net position, June 30, 2019 | | | | | <u>\$ 8,544,720</u> | <u>\$ 11,528,926</u> | <u>\$ 20,073,646</u> |

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

FUND FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | General Fund | Law Enforcement Fund | Fire Fund | Nonmajor Funds | Totals |
|--|---------------------|----------------------------|-------------------|-------------------|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 815,018 | \$ 587,768 | \$ 700,271 | \$ 740,215 | \$ 2,843,272 |
| Receivables | | | | | |
| Taxes receivable | 2,549 | 8,656 | 3,873 | 1,523 | 16,601 |
| State shared revenues | 146,893 | | | | 146,893 |
| Accounts | 14,274 | 529 | | | 14,803 |
| Library | 25,715 | | | | 25,715 |
| Due from other funds | 241,727 | 35,000 | | 7,717 | 284,444 |
| Prepaid expenditures | 73,629 | 26 | 175 | | 73,830 |
| Total assets | <u>\$ 1,319,805</u> | <u>\$ 631,979</u> | <u>\$ 704,319</u> | <u>\$ 749,455</u> | <u>\$ 3,405,558</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 61,468 | \$ 12,148 | \$ 11,768 | \$ 9,762 | \$ 95,146 |
| Accrued compensated absences | 3,184 | 21,736 | 2,796 | | 27,716 |
| Due to other funds | 18,981 | 84,278 | 58,759 | 55,626 | 217,644 |
| Due to others | 6,813 | | 84 | | 6,897 |
| Total liabilities | <u>90,446</u> | <u>118,162</u> | <u>73,407</u> | <u>65,388</u> | <u>347,403</u> |
| FUND BALANCE | | | | | |
| Nonspendable - prepaid items | 73,629 | 26 | 175 | | 73,830 |
| Nonspendable - library receivable | 25,715 | | | | 25,715 |
| Restricted - fire | | | 630,737 | | 630,737 |
| Restricted - law enforcement | | 513,791 | | 417,118 | 930,909 |
| Restricted - community development | | | | 31,663 | 31,663 |
| Committed - public safety building | | | | 27,719 | 27,719 |
| Committed - building department | | | | 86,222 | 86,222 |
| Committed - public safety | | | | 33,962 | 33,962 |
| Assigned for future budget deficit | 49,333 | | | 87,383 | 136,716 |
| Unassigned | 1,080,682 | | | | 1,080,682 |
| Total fund balances | <u>1,229,359</u> | <u>513,817</u> | <u>630,912</u> | <u>684,067</u> | <u>3,058,155</u> |
| Total liabilities and fund balances | <u>\$ 1,319,805</u> | <u>\$ 631,979</u> | <u>\$ 704,319</u> | <u>\$ 749,455</u> | <u>\$ 3,405,558</u> |

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

NORTHFIELD TOWNSHIP

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019**

Total fund balance per balance sheet \$ 3,058,155

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 therefore, are not reported in the funds.

| | |
|--------------------------|--------------------|
| Historical cost | \$ 12,697,009 |
| Accumulated depreciation | <u>(5,179,377)</u> |

Capital assets net of accumulated depreciation 7,517,632

Pension related activities are not a consumption of current resources
and therefore are reported as deferred outflows of resources in
the Statement of Net Position.

| | |
|--|---------------|
| Investments deficient (in excess) of projections | 158,127 |
| Differences in actuarial assumptions | 36,032 |
| Differences in actuarial experience to actual | (68,059) |
| Contributions subsequent to measurement date | <u>28,633</u> |

Deferred outflows of resources related to pension activities 154,733

Pension liabilities, net of pension plan fiduciary net position,
are not due and payable in the current period and are not
reported in the fund financial statements.

| | |
|-----------------------|-----------|
| Net pension liability | (236,990) |
|-----------------------|-----------|

Some liabilities are not due and payable in the current period
and therefore are not reported in the funds. These include:

| | |
|----------------------|------------------|
| Long-term debt | (1,732,502) |
| Compensated absences | <u>(216,308)</u> |

Total (1,948,810)

Net position of governmental activities \$ 8,544,720

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

NORTHFIELD TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

| | General Fund | Law Enforcement Fund | Fire Fund | Nonmajor Funds | Total |
|---|-------------------------|-------------------------------------|----------------------|---------------------------|------------------|
| REVENUES | | | | | |
| Taxes | \$ 276,753 | \$ 1,558,140 | \$ 702,090 | \$ 269,071 | \$ 2,806,054 |
| Grant | 8,000 | | | | 8,000 |
| State revenues | 749,118 | 22,014 | 9,920 | 4,065 | 785,117 |
| Public safety mileage reimbursement | | 156,162 | | | 156,162 |
| Licenses and permits | | 3,510 | | 107,135 | 110,645 |
| Contributions | | | 505 | | 505 |
| Rental income | | | | 462,235 | 462,235 |
| Franchise fees | 96,556 | | | | 96,556 |
| Charges for services | 285,665 | 13,003 | 21,357 | 2,775 | 322,800 |
| Fines and forfeitures | | 3,096 | | 127,370 | 130,466 |
| Interest | 5,132 | 473 | 3,425 | 394 | 9,424 |
| Other income | 22,588 | 2,807 | 240 | 804 | 26,439 |
| Total revenues | 1,443,812 | 1,759,205 | 737,537 | 973,849 | 4,914,403 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 1,010,753 | | | 265,302 | 1,276,055 |
| Fire rescue | | | 633,664 | | 633,664 |
| Police protection | | 1,734,868 | | 37,896 | 1,772,764 |
| Community center | 114,798 | | | | 114,798 |
| Roads | 172,656 | | | | 172,656 |
| Public works | 53,832 | | | 767 | 54,599 |
| Capital outlay: | | | | | |
| General government | 8,303 | | | | 8,303 |
| Fire protection | | | 489,330 | | 489,330 |
| Debt service: | | | | | |
| Principal | | | | 481,404 | 481,404 |
| Interest/fees | | | | 52,028 | 52,028 |
| Total expenditures | 1,360,342 | 1,734,868 | 1,122,994 | 837,397 | 5,055,601 |
| Excess of revenues over (under) expenditures | 83,470 | 24,337 | (385,457) | 136,452 | (141,198) |

NORTHFIELD TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - continued
FOR THE YEAR ENDED JUNE 30, 2019**

| | General Fund | Law Enforcement Fund | Fire Fund | Nonmajor Funds | Total |
|---|-------------------------|-------------------------------------|----------------------|---------------------------|---------------------|
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | 35,000 | | | 35,000 |
| Transfers (out) | | | | (35,000) | (35,000) |
| Total other financing sources (uses) | | 35,000 | | (35,000) | |
| Net changes in fund balances | 83,470 | 59,337 | (385,457) | 101,452 | (141,198) |
| FUND BALANCE, JULY 1, 2018 | 1,145,889 | 454,480 | 1,016,369 | 582,615 | 3,199,353 |
| FUND BALANCE, JUNE 30, 2019 | <u>\$ 1,229,359</u> | <u>\$ 513,817</u> | <u>\$ 630,912</u> | <u>\$ 684,067</u> | <u>\$ 3,058,155</u> |

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

NORTHFIELD TOWNSHIP

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net change in fund balances - governmental funds \$ (141,198)

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

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

| | |
|----------------------|------------------|
| Capital outlay | \$ 497,633 |
| Depreciation expense | <u>(355,487)</u> |

| | |
|--------------|---------|
| Total | 142,146 |
|--------------|---------|

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

| | |
|-----------------|--------|
| Pension expense | 55,359 |
|-----------------|--------|

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

Repayment of:

| | |
|-------------------------|---------|
| Bonds/contracts payable | 481,404 |
|-------------------------|---------|

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

| | |
|--|-----------------|
| | <u>(18,758)</u> |
|--|-----------------|

| | |
|--|--------------------------|
| Change in net position of governmental activities | <u><u>\$ 518,953</u></u> |
|--|--------------------------|

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

NORTHFIELD TOWNSHIP

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019**

| | <u>Sewage Disposal System Fund</u> | |
|---|------------------------------------|----------------------|
| CURRENT ASSETS | | |
| Cash | \$ 1,436,143 | |
| Investments | 499,866 | |
| Sewer billings receivable | 402,410 | |
| Interest receivable | 5,982 | |
| Due from other funds | 3,441 | |
| Prepaid expenses | 946 | |
| Due from others | 388 | |
| Other receivables | <u>22,870</u> | |
| Total current assets | | \$ 2,372,046 |
| RESTRICTED ASSETS | | |
| Cash | 1,312,209 | |
| Special assessments receivable - capital and debt | <u>640,005</u> | |
| Total restricted assets | | 1,952,214 |
| PLANT, PROPERTY AND EQUIPMENT | | |
| Non-depreciated | 226,918 | |
| Depreciated, net | <u>8,114,050</u> | |
| Net plant, property, and equipment | | <u>8,340,968</u> |
| Total assets | | <u>12,665,228</u> |
| CURRENT LIABILITIES | | |
| Accounts payable | 27,887 | |
| Accrued compensated absences | 35,917 | |
| Due to other funds | 75,000 | |
| Bonds payable - current portion | <u>113,596</u> | |
| Total current liabilities | | 252,400 |
| LONG-TERM LIABILITIES | | |
| Bonds payable - less current portion | | <u>883,902</u> |
| Total liabilities | | <u>1,136,302</u> |
| NET POSITION | | |
| Invested in capital assets, net of related debt | 7,343,470 | |
| Restricted for capital and debt | 1,952,214 | |
| Unrestricted | <u>2,233,242</u> | |
| Total net position | | <u>\$ 11,528,926</u> |

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

NORTHFIELD TOWNSHIP

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Sewage Disposal System Fund</u> |
|--|------------------------------------|
| OPERATING REVENUES | |
| User charges | \$ 1,462,268 |
| OPERATING EXPENSES | |
| Salaries and wages | \$ 279,945 |
| Employee benefits/payroll taxes | 112,525 |
| Depreciation | 339,539 |
| Other operating expenses | <u>556,217</u> |
| Total operating expenses | <u>1,288,226</u> |
| Operating income | 174,042 |
| NON-OPERATING REVENUES AND (EXPENSES) | |
| Interest income - cash and cash equivalents | 14,276 |
| Interest income - special assessments | 43,880 |
| Other revenues | 2,324 |
| Interest expense | (35,640) |
| Loss on sale of asset | (13,001) |
| Bond fees | <u>(500)</u> |
| Total non-operating revenues and (expenses) | <u>11,339</u> |
| Change in net position | 185,381 |
| NET POSITION, JULY 1, 2018 | <u>11,343,545</u> |
| NET POSITION, JUNE 30, 2019 | <u><u>\$ 11,528,926</u></u> |

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

NORTHFIELD TOWNSHIP

**STATEMENT OF CASH FLOWS
SEWAGE DISPOSAL SYSTEM FUND
FOR THE YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|------------------|-------------------|
| Cash receipts from customers | \$ 1,425,363 | |
| Cash payments to employees | (293,959) | |
| Cash payments to suppliers of goods and services | <u>(573,152)</u> | |
| Net cash provided by operating activities | | \$ 558,252 |

**CASH FLOWS FROM CAPITAL
AND RELATED FINANCING ACTIVITIES**

| | | |
|--|---------------|----------------|
| Loss on disposal of asset | (13,001) | |
| Special assessments and interest received | 254,369 | |
| Other revenue (expense) | 2,324 | |
| Acquisition of capital assets | (61,517) | |
| Repayment of principal on bonds/contracts | (149,737) | |
| Investment activity | <u>69,969</u> | |
| Net cash (used in) capital and related financing activities | | 102,407 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|---------------|----------------|
| Interest on cash and cash equivalents | <u>17,238</u> | |
| Net increase in cash and cash equivalents | | 677,897 |

| | |
|---|------------------|
| CASH AND CASH EQUIVALENTS AT, JULY 1, 2018 | <u>2,070,455</u> |
|---|------------------|

| | |
|--|----------------------------|
| CASH AND CASH EQUIVALENTS AT, JUNE 30, 2019 | <u><u>\$ 2,748,352</u></u> |
|--|----------------------------|

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

| | | |
|--|---------------|--------------------------|
| Operating income | | \$ 174,042 |
| Adjustments to reconcile operating income to net cash (used in) operating activities: | | |
| Depreciation | \$ 339,539 | |
| Change in assets and liabilities: | | |
| (Increase) decrease in receivables | (37,293) | |
| (Increase) decrease in prepaid expenses | (16) | |
| Increase (decrease) in accounts payable/accrued compensated absences | 6,789 | |
| Increase (decrease) in due to other funds | <u>75,191</u> | |
| Total adjustments | | <u>384,210</u> |
| Net cash provided by operating activities | | <u><u>\$ 558,252</u></u> |

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

NORTHFIELD TOWNSHIP

**STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2019**

| | <u>Agency Funds</u> |
|--------------------------|--------------------------------|
| ASSETS | |
| Cash | \$ 89,554 |
| Due from others | 98,540 |
| Due from other funds | <u>18,908</u> |
| Total assets | <u><u>\$ 207,002</u></u> |
| LIABILITIES | |
| Due to other funds | \$ 14,149 |
| Cash overdraft | 69,685 |
| Due to others | <u>123,168</u> |
| Total liabilities | <u><u>\$ 207,002</u></u> |

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

NOTES TO FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIC FINANCIAL STATEMENTS

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

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

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

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

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

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The Township reports the following major governmental funds:

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

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

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

The Township reports the following major enterprise fund:

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. CAPITAL ASSETS

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

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

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

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

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

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

D. ACCRUED COMPENSATED ABSENCES

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. BUDGETARY DATA

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

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

For the year ended June 30, 2019, expenditures exceeded appropriations in several departments in the General Fund and the Law Enforcement Fund.

F. PROPERTY TAXES

Property tax revenues are recognized in the fiscal year for which the taxes are levied. Property taxes are levied on December 1 each year. These taxes become liens on the property at that date. These taxes are due on February 14, with the final collection date of February 28. The delinquent real property taxes of Northfield Township are purchased by Washtenaw County. The county sold tax notes, the proceeds of which will be used to pay the Township for these property taxes. The 2018 adjusted taxable value of the Township totaled \$352,661,290. The Township levied the following millages during the current fiscal year ended June 30, 2019:

| | |
|------------------------|---------------|
| General operating | 0.7832 |
| Fire | 1.9868 |
| Police | 4.4092 |
| Public safety building | <u>0.7618</u> |
| Total millage | <u>7.9410</u> |

G. OTHER FINANCING SOURCES (USES)

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

H. INVESTMENTS

Investments are stated at market value.

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

I. CASH AND INVESTMENTS

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

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

J. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. RISK MANAGEMENT

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

L. RECEIVABLES

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

M. EQUITY

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

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

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

N. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

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

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

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

For the year ended June 30, 2019 the Township records deferred outflow of resources relating to pension differences in expected investment returns compared to actual, changes in experience, and changes in actuarial assumptions. In addition, the Township records deferred outflow of resources for pension contributions made subsequent to Net Pension Liability measurement date of December 31, 2018.

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

Deferred outflow/(inflow) of resources related to pension activities as of June 30, 2019 are as follows:

| | Deferred Outflows | Deferred Inflows |
|---|------------------------------|-----------------------------|
| Differences in experience | \$ | \$ (68,059) |
| Differences in actuarial assumptions | 36,032 | |
| Differences in investment expectations versus actual | 158,127 | |
| Contributions made subsequent to pension liability measurement date | 28,633 | |
| Totals | <u>\$ 222,792</u> | <u>\$ (68,059)</u> |

O. DEFINED PENSION BENEFIT PLAN

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

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

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

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

The accompanying financial statements of Northfield Township as of June 30, 2019, include any and all boards, agencies, funds and account groups under the jurisdiction of the Northfield Township Board.

NOTE 3 - LAND CONTRACT RECEIVABLE - NORTHFIELD TOWNSHIP AREA LIBRARY

On May 15, 1989, the Township entered into a land contract with the Northfield Township Library Board for the purchase of property commonly known as the "Dodge House". This transaction, which represents monies expended from the Northfield Township general fund, was in the original amount of \$112,500, and is to be amortized over thirty-five (35) years, without interest. Annual installments of \$3,214 started on February 22, 1993. The total outstanding balance at June 30, 2019 was \$25,715.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2019 was as follows:

| | <u>Balance 7/1/2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/2019</u> |
|--|-----------------------------|-------------------|------------------|------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 853,231 | \$ 8,303 | \$ | \$ 861,534 |
| Capital assets being depreciated: | | | | |
| Buildings | 9,071,508 | | | 9,071,508 |
| Equipment | <u>2,274,637</u> | <u>489,330</u> | | <u>2,763,967</u> |
| Total cost | <u>11,346,145</u> | <u>489,330</u> | | <u>11,835,475</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (2,854,634) | (221,939) | | (3,076,573) |
| Equipment | <u>(1,969,256)</u> | <u>(133,548)</u> | | <u>(2,102,804)</u> |
| Total accumulated depreciation | <u>(4,823,890)</u> | <u>(355,487)</u> | | <u>(5,179,377)</u> |
| Capital assets being depreciated, net | <u>6,522,255</u> | <u>133,843</u> | | <u>6,656,098</u> |
| Governmental activities capital assets, net | <u>\$ 7,375,486</u> | <u>\$ 142,146</u> | <u>\$</u> | <u>7,517,632</u> |
| Related long-term debt outstanding at June 30, 2019 | | | | <u>(1,732,502)</u> |
| Governmental activities capital assets, net of related long-term debt | | | | <u>\$ 5,785,130</u> |

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - CAPITAL ASSETS - continued

| | <u>Balance 7/1/2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/2019</u> |
|--|-----------------------------|---------------------|--------------------|------------------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 226,918 | \$ | \$ | \$ 226,918 |
| Capital assets being depreciated: | | | | |
| Plant and equipment | 15,621,200 | 61,517 | (15,920) | 15,666,797 |
| Less accumulated depreciation for: | | | | |
| Plant and equipment | <u>(7,216,127)</u> | <u>(339,539)</u> | <u>2,919</u> | <u>(7,552,747)</u> |
| Capital assets being depreciated, net | <u>8,405,073</u> | <u>(278,022)</u> | <u>(13,001)</u> | <u>8,114,050</u> |
| Business-type activities capital assets, net | <u>\$ 8,631,991</u> | <u>\$ (278,022)</u> | <u>\$ (13,001)</u> | 8,340,968 |
| Related long-term debt outstanding as of June 30, 2019 | | | | <u>(997,498)</u> |
| Business-type activities capital assets net of related debt | | | | <u>\$ 7,343,470</u> |

Depreciation expense was distributed to the various activities as follows:

| | |
|--------------------------------------|-----------------------|
| Governmental activities: | |
| General government | \$ 10,599 |
| Fire protection and medical rescue | 119,195 |
| Police protection | 160,314 |
| Recreation | 57,806 |
| Community center | <u>7,573</u> |
| Subtotal | 355,487 |
| Business-type activities: | |
| Sewer service | <u>339,539</u> |
| Total | <u>\$ 695,026</u> |

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5 - LONG-TERM OBLIGATIONS

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

Bonds Payable

1. General Obligation Unlimited Tax Refunding bonds were issued on July 30, 2012 for \$2,415,000 to refund the 2001 bonds related to the financing of the Public Safety Building. Principal payments range from \$215,000 to \$265,000 due annually in April and maturing on April 2022. Interest is charged at 2.35%, payable semi-annually. The outstanding balance of the bonds at June 30, 2019 was \$770,000.
2. General Obligation Limited Tax Refunding bonds were issued on July 30, 2012 for \$2,930,000 to refund the 2002 and 2003 bonds related to the financing of the Public Safety Building (84.43%) as well as the Seven Mile Sewer Project (15.57%). Principal payments range from \$223,000 to \$300,000 due annually in April and maturing on April 2023. Interest is charged at 2.35%, payable semi-annually. The governmental fund outstanding balance of the bonds at June 30, 2019 was \$962,502.

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

| | <u>Balance 7/1/2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/2019</u> | <u>Amount Due Within One Year</u> |
|---|-----------------------------|------------------|---------------------|------------------------------|---|
| <u>Bonds Payable</u> | | | | | |
| 1. General Obligation Bond, Series 2012 Refunding of 7 Mile Extension | \$1,015,000 | \$ | \$ (245,000) | \$ 770,000 | \$ 245,000 |
| 2. General Obligation Bond, Series 2012 Refunding of 2002/2003 Public Safety Building Bonds | <u>1,198,906</u> | | <u>(236,404)</u> | <u>962,502</u> | <u>236,404</u> |
| Total bonds payable | <u>2,213,906</u> | | <u>(481,404)</u> | <u>1,732,502</u> | <u>481,404</u> |
| <u>Compensated absences</u> | | | | | |
| General government | <u>197,550</u> | <u>46,474</u> | | <u>244,024</u> | <u>27,716</u> |
| Governmental activities long term obligations | <u>\$2,411,456</u> | <u>\$ 46,474</u> | <u>\$ (481,404)</u> | <u>\$1,976,526</u> | <u>\$ 509,120</u> |

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

| | <u>Bonds Payable</u> | |
|---------------------|-----------------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> |
| Year Ending: | | |
| 2020 | \$ 477,183 | \$ 40,714 |
| 2021 | 518,290 | 29,500 |
| 2022 | 509,068 | 17,320 |
| 2023 | <u>227,961</u> | <u>5,357</u> |
| Totals | <u>\$1,732,502</u> | <u>\$ 92,891</u> |

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5 - LONG-TERM OBLIGATIONS - continued

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

1. Loan payable to Michigan Municipal Bond Authority to finance the refunding bonds for the 1992 Junior Lien bonds originally issued in 1992. A net present value savings of \$84,344 was created by issuing these refunding bonds due to a decrease in interest rates. Principal payable in annual installments ranging from \$30,000 to \$45,000 starting April 2006, and maturing on April 2022. Interest is paid semi-annually charged at 2.00% to 5.00%. Outstanding balance of the bonds was \$135,000 at June 30, 2019.
2. General Obligation Limited Tax Refunding bonds were issued on July 30, 2012 for \$2,930,000 to refund the 2002 and 2003 bonds related to the financing of the Public Safety Building (84.43%) as well as the Seven Mile Sewer Project (15.57%). Principal payments range from \$223,000 to \$300,000 due annually in April and maturing on April 2023. Interest is charged at 2.35%, payable semi-annually. The business-type fund outstanding balance portion of the bonds at June 30, 2019 was \$177,498.
3. General Obligation Limited Tax Special Assessment Bonds were issued on February 10, 2017 for \$760,000 to finance the construction of the Whitmore Lake Sewer Special Assessment District. Principal payments of \$25,000 and \$55,000 are due annually beginning April 2017 and maturing in April 2035. Interest is paid semi-annually at 2.00% to 4.00%. The outstanding balance portion of the bonds at June 30, 2019 was \$685,000.

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

| | Balance | | | Balance | Amount Due |
|--|--------------------|------------------|---------------------|--------------------|------------------------|
| <u>Bonds Payable</u> | <u>7/1/2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>6/30/2019</u> | <u>Within One Year</u> |
| 1. General Obligation Bond, Series 2004B (1992 Junior Lien refunding) | \$ 180,000 | \$ | \$ (45,000) | \$ 135,000 | \$ 45,000 |
| 2. General Obligation Bond, Series 2012 (7 Mile Extension refunding) | 221,094 | | (43,596) | 177,498 | 43,596 |
| 3. General Obligation Bond, Series 2016 (Whitmore Lake SAD) | 710,000 | | (25,000) | 685,000 | 25,000 |
| Total bonds payable | 1,111,094 | | (113,596) | 997,498 | 113,596 |
| Compensated absences | | | | | |
| Business-type | 28,732 | 7,185 | | 35,917 | 9,068 |
| Total business-type activities long-term debt | \$1,139,826 | \$ 7,185 | \$ (113,596) | \$1,033,415 | \$ 122,664 |

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5 - LONG-TERM OBLIGATIONS - continued

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

| Year Ending: | Bonds Payable | | |
|---------------|-------------------|-------------------|--------------------|
| | Principal | Interest | Total |
| 2020 | \$ 112,818 | \$ 32,090 | \$ 144,908 |
| 2021 | 116,710 | 28,446 | 145,156 |
| 2022 | 120,931 | 24,711 | 145,642 |
| 2023 | 72,039 | 20,782 | 92,821 |
| 2024 | 35,000 | 19,044 | 54,044 |
| 2025 - 2029 | 220,000 | 77,795 | 297,795 |
| 2030 - 2034 | 265,000 | 38,545 | 303,545 |
| 2035 | 55,000 | 1,944 | 56,944 |
| Totals | \$ 997,498 | \$ 243,357 | \$1,240,855 |

NOTE 6 - DEFINED CONTRIBUTION PENSION PLAN

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

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

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

The plan is managed through MERS Defined Contribution plan.

A summary of the plans' contributions for the period July 1, 2018 to June 30, 2019, are as follows:

| | |
|----------------------------|--------------------------|
| Current year contributions | MERS |
| Township portion | \$ 84,111 |
| Employee portion | <u>42,058</u> |
| Total contributions | <u>\$ 126,169</u> |

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 - DEFINED BENEFIT PLAN

Plan Description

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

Benefits Provided

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

Employees covered by benefit terms

At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 0 |
| Inactive employees entitled to but not yet receiving benefits | 4 |
| Active employees | <u>11</u> |
| | <u>15</u> |

Contributions

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

The Township contributes 10% of covered wages, with the enrolled employees contributing the remainder of the actuarial determined rate. The employee contribution for the year ended June 30, 2019 was 3.70% of eligible wages to fund the plan. The Township contributed \$55,965 to the plan during the reporting period.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2018, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7 - DEFINED BENEFIT PLAN - continued

Actuarial assumptions

The total pension liability in the December 31, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.

Salary increases: 3.75%

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

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

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

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|--------------------------|---|
| Global Equity | 55.50% | 3.41% |
| Global Fixed Income | 18.50% | 0.23% |
| Real Assets | 13.50% | 0.97% |
| Diversifying Strategies | 12.50% | 0.63% |

Discount Rate

The discount rate used to measure the total pension liability is 8.00% for 2018. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7 - DEFINED BENEFIT PLAN - continued

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|---|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance at 12/31/2017 | \$ 2,140,597 | \$ 2,024,437 | \$ 116,160 |
| Changes for the year | | | |
| Service cost | 78,428 | | 78,428 |
| Interest on total pension liability | 174,384 | | 174,384 |
| Changes in benefits | 949 | | 949 |
| Difference between expected and actual experience | (30,837) | | (30,837) |
| Changes in assumptions | | | |
| Employer contributions | | 57,156 | (57,156) |
| Employee contributions | | 138,085 | (138,085) |
| Net investment income | | (89,001) | 89,001 |
| Benefit payments, including employee refunds | | | |
| Administrative expense | | (4,145) | 4,145 |
| Other changes | 1 | | 1 |
| Net changes | <u>222,925</u> | <u>102,095</u> | <u>120,830</u> |
| Balances as of 12/31/2018 | <u>\$ 2,363,522</u> | <u>\$ 2,126,532</u> | <u>\$ 236,990</u> |

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

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

| | 1% Decrease 7.00% | Current Discount Rate 8.00% | 1% Increase 9.00% |
|--|------------------------------|--|------------------------------|
| Net Pension Liability at 12/31/2018 | \$ 236,990 | \$ 236,990 | \$ 236,990 |
| Changes in Net Pension Liability (NPL) from change in discount rate | <u>416,082</u> | | <u>(325,091)</u> |
| Calculated NPL | <u>\$ 653,072</u> | <u>\$ 236,990</u> | <u>\$ (88,101)</u> |

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7 - DEFINED BENEFIT PLAN - continued

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

For the year ended June 30, 2019, the Township recognized pension expense of \$606. The Township reported deferred outflow and inflow of resources related to pensions from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources | Totals |
|--|--|---|-------------------|
| Differences in experience | \$ | \$ (68,059) | \$ (68,059) |
| Differences in assumptions | 36,032 | | 36,032 |
| Excess (Deficit) of investment returns | 158,127 | | 158,127 |
| Total to be amortized as pension expense | 194,159 | (68,059) | 126,100 |
| Contributions subsequent to the measurement date | 28,633 | | 28,633 |
| Totals | \$ 222,792 | \$ (68,059) | \$ 154,733 |

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

| Year Ended | Expense |
|-------------------|-------------------|
| 2020 | \$ 45,699 |
| 2021 | 17,381 |
| 2022 | 27,817 |
| 2023 | 46,549 |
| 2024 | (5,163) |
| 2025 | (6,183) |
| Total | \$ 126,100 |

The amounts reported as deferred outflow of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ended June 30, 2019.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8 - INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivables and payables exist at June 30, 2019. These represent short-term borrowings and amounts owed for reimbursements between other funds.

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

| | <u>Interfund Receivable</u> | | <u>Interfund Payable</u> |
|---------------------------------|--|----------------------------------|-------------------------------------|
| General Fund | \$ 53,671 | Law Enforcement Fund | \$ 53,671 |
| General Fund | 43,237 | Medical Reserve Fund | 43,237 |
| General Fund | 9,346 | Building Department Fund | 9,346 |
| General Fund | 6,929 | Public Safety Building Debt Fund | 6,929 |
| General Fund | 73,031 | Sewage Disposal System Fund | 73,031 |
| General Fund | 14,049 | Trust and Agency | 14,049 |
| General Fund | 23,375 | Law Enforcement Fund | 23,375 |
| General Fund | 15,470 | Medical Reserve Fund | 15,470 |
| General Fund | 650 | Building Department Fund | 650 |
| General Fund | 1,969 | Sewage Disposal System Fund | 1,969 |
| DDA Fund | 333 | General Fund | 333 |
| Trust and Agency | 3,015 | General Fund | 3,015 |
| Payroll Fund | 15,633 | General Fund | 15,633 |
| Law Enforcement Fund | 35,000 | Federal Narcotics Fund | 35,000 |
| Fire Station #2 Fund | 5,271 | Law Enforcement Fund | 5,271 |
| Federal Narcotics Fund | 1,961 | Law Enforcement Fund | 1,961 |
| Fire Station #2 Fund | 52 | Medical Reserve Fund | 52 |
| Building Department Fund | 100 | Trust and Agency | 100 |
| Trust and Agency | 260 | Building Department Fund | 260 |
| Sewage Disposal System Fund | 3,441 | Building Authority Debt Fund | 3,441 |
| Total interfund balances | <u><u>\$ 306,793</u></u> | | <u><u>\$ 306,793</u></u> |

Interfund transfers for the year ended June 30, 2019 were as follows:

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Purpose</u> | <u>Amount</u> |
|---------------------------|----------------------------|----------------------------|-------------------------|
| Law Enforcement Fund | Federal Narcotics Fund | Pay operating expenditures | <u><u>\$ 35,000</u></u> |

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

As of June 30, 2019 deposits and investments consist of the following:

| | <u>Total</u> | <u>Cash</u> | <u>Investments</u> |
|---------------------------------------|---------------------|---------------------|---------------------------|
| Deposits | | | |
| Checking accounts | \$ 5,527,194 | \$ 5,527,194 | \$ |
| Total deposits | <u>5,527,194</u> | <u>5,527,194</u> | |
| Investments | | | |
| Negotiable certificates of deposit | 500,000 | | 500,000 |
| Total investments | <u>500,000</u> | | <u>500,000</u> |
| Total deposits and investments | <u>\$ 6,027,194</u> | <u>\$ 5,527,194</u> | <u>\$ 500,000</u> |

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

Statement of Net Position:

| | |
|---------------------------------|------------------|
| Cash and investments | \$ 4,779,281 |
| Restricted cash and investments | <u>1,312,209</u> |
| Total | 6,091,490 |

Fiduciary Funds

| | |
|-----------------------------------|---------------------|
| Cash | <u>89,554</u> |
| Total cash and investments | <u>\$ 6,181,044</u> |

The carrying amount of cash and investments is stated at \$6,181,044 as of June 30, 2019. The difference between the carrying amounts and the amounts mentioned above stem from cash on hand of \$499, and other outstanding items.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued

Custodial Credit Risk

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

| | |
|------------------------------|----------------------------|
| Insured by FDIC | \$ 250,000 |
| Uninsured and collateralized | <u>5,277,050</u> |
| Total | <u>\$ 5,527,050</u> |

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

| | |
|-----------------|-----------------------------|
| Insured by FDIC | \$ 500,000 |
| Insured by SIPC | <u> </u> |
| Total | <u>\$ 500,000</u> |

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

Concentration of Credit Risk

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

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued

Interest Rate Risk

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

As of June 30, 2019 the Township had the following investment maturities:

| <u>Investment Type</u> | <u>Investment Maturities (In Years)</u> | |
|------------------------|---|--------------------|
| | <u>Value</u> | <u>Less than 1</u> |
| Negotiable CD's | <u>\$ 500,000</u> | <u>\$ 500,000</u> |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township investment policy limits investments to those authorized by Public Act 20 of 1943. Commercial paper must be rated within the two (2) highest classifications established by not less than two (2) standard ratings services. Ratings are not required for U.S. Treasuries and money market accounts. As of June 30, 2019, the Township's investments in negotiable CD's were not rated.

NOTE 10 - STATEMENT OF CASH FLOWS

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

NOTE 11 - GRANT ACTIVITIES

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

NOTE 12 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Sewage Disposal System Fund as of June 30, 2019 consisted of the following:

| | <u>Sewage Disposal System Fund</u> |
|--------------------------------|--|
| Cash and investments | \$ 1,312,209 |
| Special assessment receivables | <u>640,005</u> |
| Total | <u><u>\$ 1,952,214</u></u> |

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 13 - UPCOMING GASB PRONOUNCEMENTS

GASB 84 - FIDUCIARY ACTIVITIES

The Governmental Accounting Standards Board (GASB) issued GASB Standard No 84, Fiduciary Activities to establish criteria for identifying fiduciary activities for all state and local governments. Activities meeting the criteria of a fiduciary activity should be presented in a separate statement of fiduciary net position and statement of changes in fiduciary net position and establishes four types of fiduciary funds: pension and other employee benefits trust funds, investment trust funds, private purpose trust funds and custodial funds.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended June 30, 2020.

GASB 87 - LEASES

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 87, Leases to improve the accounting and financial reporting of leases by governments. This standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This standard will require a lessee to recognize a lease liability and right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended June 30, 2021.

GASB 89 - ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 89 to establish accounting requirements for interest costs that are incurred before the end of a construction period. This statement will require interest costs incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As such, the interest will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard should be applied prospectively.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHFIELD TOWNSHIP

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | Budgets | | | Variance with Final Budget Favorable (Unfavorable) |
|------------------------------------|---------------------|-------------------|---------------------|--|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Taxes | \$ 276,984 | \$ 276,984 | \$ 276,753 | \$ (231) |
| Grants | 60,100 | 100 | 8,000 | 7,900 |
| State revenue sources | 704,352 | 704,352 | 749,118 | 44,766 |
| Charges for services | 242,357 | 242,357 | 285,665 | 43,308 |
| Franchise fees | 98,000 | 98,000 | 96,556 | (1,444) |
| Interest | 4,800 | 4,800 | 5,132 | 332 |
| Miscellaneous revenue | 26,436 | 11,536 | 22,588 | 11,052 |
| Total revenues | 1,413,029 | 1,338,129 | 1,443,812 | 105,683 |
| EXPENDITURES | | | | |
| Township board | 30,315 | 40,315 | 36,288 | 4,027 |
| Supervisor | 15,226 | 15,226 | 15,014 | 212 |
| Township manager | 170,859 | 179,690 | 164,330 | 15,360 |
| Elections | 22,200 | 22,200 | 20,403 | 1,797 |
| Clerk | 87,595 | 92,581 | 88,872 | 3,709 |
| Board of review | 14,853 | 14,853 | 4,525 | 10,328 |
| Treasurer | 97,082 | 99,209 | 86,720 | 12,489 |
| Assessor | 102,690 | 103,265 | 97,158 | 6,107 |
| Professional fees | 67,700 | 69,200 | 52,314 | 16,886 |
| Zoning and planning departments | 151,021 | 211,076 | 204,780 | 6,296 |
| Roads | 185,113 | 192,783 | 172,656 | 20,127 |
| Recreation board | | 5,000 | 2,385 | 2,615 |
| Capital outlay | 5,000 | 29,003 | 24,355 | 4,648 |
| Rent - PSB | 83,334 | 87,084 | 88,193 | (1,109) |
| Other general government | 26,280 | 28,280 | 16,618 | 11,662 |
| Community Center | 128,108 | 129,191 | 114,798 | 14,393 |
| Township hall and grounds | 183,877 | 124,877 | 117,101 | 7,776 |
| Community planning | 2,500 | 2,500 | | 2,500 |
| Street lights | 54,410 | 57,410 | 53,832 | 3,578 |
| Total expenditures | 1,428,163 | 1,503,743 | 1,360,342 | 143,401 |
| Net change in fund balance | (15,134) | (165,614) | 83,470 | 249,084 |
| FUND BALANCE, JULY 1, 2018 | 1,145,889 | 1,145,889 | 1,145,889 | |
| FUND BALANCE, JUNE 30, 2019 | \$ 1,130,755 | \$ 980,275 | \$ 1,229,359 | \$ 249,084 |

NORTHFIELD TOWNSHIP

LAW ENFORCEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | Budgets | | | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Taxes | \$ | \$ | \$ 1,558,140 | \$ |
| Local stabilization reimbursement | | | 22,014 | |
| Public safety mileage reimbursement | | | 156,162 | |
| Fines and court fees | | | 3,096 | |
| Liquor law license fees | | | 3,510 | |
| Charges for services | | | 13,003 | |
| Interest income | | | 473 | |
| Reimbursements | | | 2,807 | |
| Total revenues | 1,638,067 | 1,638,067 | 1,759,205 | 121,138 |
| EXPENDITURES | 1,673,755 | 1,688,058 | 1,734,868 | (46,810) |
| Excess of revenues over (under) expenditures | (35,688) | (49,991) | 24,337 | 74,328 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 36,500 | 36,500 | 35,000 | (1,500) |
| Net change in fund balance | 812 | (13,491) | 59,337 | 72,828 |
| FUND BALANCE, JULY 1, 2018 | 454,480 | 454,480 | 454,480 | |
| FUND BALANCE, JUNE 30, 2019 | <u>\$ 455,292</u> | <u>\$ 440,989</u> | <u>\$ 513,817</u> | <u>\$ 72,828</u> |

NORTHFIELD TOWNSHIP

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | Budgets | | | Variance with Final Budget Favorable (Unfavorable) |
|---|---------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Taxes | \$ | \$ | \$ 702,090 | \$ |
| Local stabilization reimbursement | | | 9,920 | |
| Charges for services | | | 21,357 | |
| Contributions | | | 505 | |
| Interest | | | 3,425 | |
| Miscellaneous revenue | | | 240 | |
| Total revenues | <u>736,683</u> | <u>736,683</u> | <u>737,537</u> | <u>854</u> |
| EXPENDITURES | | | | |
| Salaries | | | 309,361 | |
| Payroll taxes | | | 23,147 | |
| Insurance - benefits | | | 26,573 | |
| Pension | | | 8,923 | |
| Medical testing | | | 384 | |
| Uniforms | | | 7,160 | |
| Controller | | | 5,781 | |
| Audit fees | | | 2,250 | |
| Vehicle | | | 496,053 | |
| Training and development | | | 6,462 | |
| Membership fees | | | 1,175 | |
| Contractual services | | | 1,995 | |
| Dispatch services | | | 11,607 | |
| Telephone | | | 7,803 | |
| Supplies | | | 9,025 | |
| Insurance and bonds | | | 60,281 | |
| Office overhead | | | 43,536 | |
| PSB lease | | | 88,193 | |
| Printing and postage | | | 136 | |
| Utilities | | | 7,603 | |
| Repairs and maintenance | | | 35,295 | |
| Equipment | | | 30,242 | |
| Computers | | | 1,843 | |
| Miscellaneous | | | 2,251 | |
| Personnel allocation | | | (64,085) | |
| Total expenditures | <u>696,339</u> | <u>1,186,343</u> | <u>1,122,994</u> | <u>63,349</u> |
| Excess of revenues over (under) expenditures | <u>40,344</u> | <u>(449,660)</u> | <u>(385,457)</u> | <u>64,203</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of assets | <u>60,000</u> | <u>60,000</u> | | <u>(60,000)</u> |
| Total other financing sources (uses) | <u>60,000</u> | <u>60,000</u> | | <u>(60,000)</u> |
| Net change in fund balance | <u>100,344</u> | <u>(389,660)</u> | <u>(385,457)</u> | <u>4,203</u> |
| FUND BALANCE, JULY 1, 2018 | <u>1,016,369</u> | <u>1,016,369</u> | <u>1,016,369</u> | |
| FUND BALANCE, JUNE 30, 2019 | <u>\$ 1,116,713</u> | <u>\$ 626,709</u> | <u>\$ 630,912</u> | <u>\$ 4,203</u> |

NORTHFIELD TOWNSHIP

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2019

Schedule of Employer Contributions

| | For the Plan Year Ended December 31, | | | | |
|--|--------------------------------------|------------|------------|------------|------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Actuarial determined contributions | \$ 57,156 | \$ 62,943 | \$ 56,582 | \$ 58,396 | \$ 55,589 |
| Contributions in relation to the actuarial determined contribution | 57,156 | 62,943 | 59,011 | 58,396 | 55,589 |
| Contribution deficiency (excess) | \$ | \$ | \$ 2,429 | \$ | \$ |
| Covered employee payroll | \$ 612,722 | \$ 639,693 | \$ 565,824 | \$ 583,960 | \$ 555,890 |
| Contributions as a percentage of covered payroll | 9.33% | 9.84% | 10.43% | 10.00% | 10.00% |

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

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

Previous Actuarial Methods and Assumptions

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

NORTHFIELD TOWNSHIP

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019**

| | For the Plan Year Ended December 31, | | | | |
|--|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total pension liability | | | | | |
| Service cost | \$ 78,428 | \$ 81,945 | \$ 72,652 | \$ 71,768 | \$ 68,319 |
| Interest | 174,384 | 156,628 | 146,935 | 125,742 | 110,821 |
| Changes in benefit terms | 949 | (628) | 3,918 | (14,904) | |
| Differences between expected and actual experience | (30,837) | (14,230) | (106,981) | 64,631 | |
| Other | 1 | | | | |
| Changes of assumptions | | | | 64,856 | |
| Net change in total pension liability | 222,925 | 223,715 | 116,524 | 312,093 | 179,140 |
| Total pension liability - beginning | 2,140,597 | 1,916,882 | 1,800,358 | 1,488,265 | 1,309,125 |
| Total pension liability - ending | <u>\$ 2,363,522</u> | <u>\$ 2,140,597</u> | <u>\$ 1,916,882</u> | <u>\$ 1,800,358</u> | <u>\$ 1,488,265</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 57,156 | \$ 62,943 | \$ 59,011 | \$ 58,396 | \$ 55,589 |
| Contributions - employee | 138,085 | 27,551 | 19,534 | 15,385 | 54,529 |
| Net investment income | (89,001) | 233,466 | 171,765 | (22,425) | 81,669 |
| Administrative expenses | (4,145) | (3,679) | (3,383) | (3,196) | (3,030) |
| Net change in plan fiduciary net position | 102,095 | 320,281 | 246,927 | 48,160 | 188,757 |
| Plan fiduciary net position, beginning | 2,024,437 | 1,704,156 | 1,457,229 | 1,409,069 | 1,220,312 |
| Plan fiduciary net position, ending | <u>\$ 2,126,532</u> | <u>\$ 2,024,437</u> | <u>\$ 1,704,156</u> | <u>\$ 1,457,229</u> | <u>\$ 1,409,069</u> |
| Net pension liability | <u>\$ 236,990</u> | <u>\$ 116,160</u> | <u>\$ 212,726</u> | <u>\$ 343,129</u> | <u>\$ 79,196</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>89.97%</u> | <u>94.57%</u> | <u>88.90%</u> | <u>80.94%</u> | <u>94.68%</u> |
| Covered employee payroll | <u>\$ 612,722</u> | <u>\$ 639,693</u> | <u>\$ 565,824</u> | <u>\$ 583,956</u> | <u>\$ 555,890</u> |
| Net pension liability as a percentage of covered employee payroll | <u>38.68%</u> | <u>18.16%</u> | <u>37.60%</u> | <u>58.76%</u> | <u>14.25%</u> |

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

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NORTHFIELD TOWNSHIP

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE - BUDGETARY INFORMATION

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

Budget Overruns

In funds that were required by law to adopt budgets, during the year ended June 30, 2019 expenditures exceeded appropriations as follows:

| | Final Budget | Actual Expenditures | Variance (Unfavorable) |
|----------------------------------|---------------------|--------------------------------|-----------------------------------|
| Law Enforcement Fund | \$ 1,688,058 | \$ 1,734,868 | \$ (46,810) |
| General Fund - Rent - PSB | 87,084 | 88,193 | (1,109) |
| | <u>\$ 1,775,142</u> | <u>\$ 1,823,061</u> | <u>\$ (47,919)</u> |

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

| | SPECIAL REVENUE FUNDS | | | | | | | | DEBT SERVICE FUNDS | | |
|------------------------------------|--------------------------------|----------------------------|------------------------|--------------------------------|-------------------|------------------------------|---------------------------------|--|-------------------------------|--------------------------------------|------------|
| | Building Department Fund | Fire Station #2 Fund | Barker Road Fund | PSB Rental Property Fund | Narcotics Fund | Federal Narcotics Fund | Public Contributions Fund | Downtown Development Authority Fund | Building Authority Fund | Public Safety Building Fund | Totals |
| ASSETS | | | | | | | | | | | |
| Cash and investments | \$ 149,604 | \$ 29,082 | \$ 11,271 | \$ 28,005 | \$ 144,400 | \$ 306,272 | \$ 519 | \$ 34,596 | 3,441 | \$ 33,025 | \$ 740,215 |
| Taxes receivable | | | | | | | | | | 1,523 | 1,523 |
| Due from other funds | 100 | 5,323 | | | | 1,961 | | 333 | | | 7,717 |
| Total assets | \$ 149,704 | \$ 34,405 | \$ 11,271 | \$ 28,005 | \$ 144,400 | \$ 308,233 | \$ 519 | \$ 34,929 | \$ 3,441 | \$ 34,548 | \$ 749,455 |
| LIABILITIES | | | | | | | | | | | |
| Accounts payable | \$ 2,111 | \$ | \$ | \$ 286 | \$ 515 | \$ | \$ | \$ 200 | \$ | \$ 6,650 | \$ 9,762 |
| Due to other funds | 10,256 | | | | | 35,000 | | | 3,441 | 6,929 | 55,626 |
| Total liabilities | 12,367 | | | 286 | 515 | 35,000 | | 200 | 3,441 | 13,579 | 65,388 |
| FUND BALANCE | | | | | | | | | | | |
| Nonspendable - prepaid | | | | | | | | | | | |
| Restricted | | | | | | | | | | | |
| Law enforcement | | | | | 143,885 | 273,233 | | | | | 417,118 |
| Community development | | | | | | | 519 | 31,144 | | | 31,663 |
| Committed | | | | | | | | | | | |
| Public safety | | 22,691 | | | | | | | | | 22,691 |
| Barker road | | | 11,271 | | | | | | | | 11,271 |
| Building department | 86,222 | | | | | | | | | | 86,222 |
| Public safety building | | | | 27,719 | | | | | | | 27,719 |
| Assigned for future budget deficit | 51,115 | 11,714 | | | | | | 3,585 | | 20,969 | 87,383 |
| Total fund balances | 137,337 | 34,405 | 11,271 | 27,719 | 143,885 | 273,233 | 519 | 34,729 | | 20,969 | 684,067 |
| Total liabilities and fund balance | \$ 149,704 | \$ 34,405 | \$ 11,271 | \$ 28,005 | \$ 144,400 | \$ 308,233 | \$ 519 | \$ 34,929 | \$ 3,441 | \$ 34,548 | \$ 749,455 |

NORTHFIELD TOWNSHIP

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2019**

| | Current Tax Collection Fund | Trust and Agency Fund | Payroll Fund | Totals |
|--------------------------|--|--------------------------------------|-------------------------|-------------------|
| ASSETS | | | | |
| Cash | \$ | \$ 89,554 | \$ | \$ 89,554 |
| Due from others | | 6,110 | 92,430 | 98,540 |
| Due from other funds | | 3,275 | 15,633 | 18,908 |
| | | | | |
| Total assets | <u>\$</u> | <u>\$ 98,939</u> | <u>\$ 108,063</u> | <u>\$ 207,002</u> |
| | | | | |
| LIABILITIES | | | | |
| Due to other funds | \$ | \$ 14,149 | \$ | \$ 14,149 |
| Cash overdraft | | | 69,685 | 69,685 |
| Due to others | | 84,790 | 38,378 | 123,168 |
| | | | | |
| Total liabilities | <u>\$</u> | <u>\$ 98,939</u> | <u>\$ 108,063</u> | <u>\$ 207,002</u> |

NORTHFIELD TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

| | SPECIAL REVENUE FUNDS | | | | | | | | DEBT SERVICE FUNDS | | |
|---|--------------------------------|----------------------------|------------------------|--------------------------------|-------------------|------------------------------|---------------------------------|--|-------------------------------|--------------------------------------|------------|
| | Building Department Fund | Fire Station #2 Fund | Barker Road Fund | PSB Rental Property Fund | Narcotics Fund | Federal Narcotics Fund | Public Contributions Fund | Downtown Development Authority Fund | Building Authority Fund | Public Safety Building Fund | Totals |
| REVENUES | | | | | | | | | | | |
| Taxes | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 269,071 | \$ 269,071 |
| Local stabilizaiton reimbursement | | | | | | | | | | 4,065 | 4,065 |
| Fines and forfeits | | | | | 33,989 | 93,381 | | | | | 127,370 |
| Charges for services | 2,775 | | | | | | | | | | 2,775 |
| Licenses and permits | 107,135 | | | | | | | | | | 107,135 |
| Rental income | | 17,364 | 9,960 | 39,725 | | | | | 264,579 | 130,607 | 462,235 |
| Interest Income | 97 | 17 | 6 | 18 | 67 | 160 | | 20 | | 9 | 394 |
| Other income | 105 | | | | | | | 506 | | 193 | 804 |
| | | | | | | | | | | | |
| Total revenues | 110,112 | 17,381 | 9,966 | 39,743 | 34,056 | 93,541 | | 526 | 264,579 | 403,945 | 973,849 |
| EXPENDITURES | | | | | | | | | | | |
| General government | 116,404 | | 8,655 | 12,024 | | | | | | 128,219 | 265,302 |
| Police protection | | | | | 12,336 | 25,560 | | | | | 37,896 |
| Public works | | | | | | | | 767 | | | 767 |
| Debt service | | | | | | | | | | | |
| Principal | | | | | | | | | 236,404 | 245,000 | 481,404 |
| Interest and fees | | | | | | | | | 28,175 | 23,853 | 52,028 |
| | | | | | | | | | | | |
| Total expenditures | 116,404 | | 8,655 | 12,024 | 12,336 | 25,560 | | 767 | 264,579 | 397,072 | 837,397 |
| | | | | | | | | | | | |
| Excess of revenues over (under) expenditures | (6,292) | 17,381 | 1,311 | 27,719 | 21,720 | 67,981 | | (241) | | 6,873 | 136,452 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers (out) | | | | | | (35,000) | | | | | (35,000) |
| | | | | | | | | | | | |
| Net changes in fund balances | (6,292) | 17,381 | 1,311 | 27,719 | 21,720 | 32,981 | | (241) | | 6,873 | 101,452 |
| | | | | | | | | | | | |
| FUND BALANCE, JULY 1, 2018 | 143,629 | 17,024 | 9,960 | | 122,165 | 240,252 | 519 | 34,970 | | 14,096 | 582,615 |
| | | | | | | | | | | | |
| FUND BALANCE, JUNE 30, 2019 | \$ 137,337 | \$ 34,405 | \$11,271 | \$ 27,719 | \$ 143,885 | \$ 273,233 | \$ 519 | \$ 34,729 | \$ | \$ 20,969 | \$ 684,067 |

INDIVIDUAL FUNDS

GENERAL FUND

NORTHFIELD TOWNSHIP

**GENERAL FUND
BALANCE SHEET
JUNE 30, 2019**

ASSETS

| | | |
|---|----|---------------|
| Cash and investments | \$ | 815,018 |
| Taxes receivable | | 2,549 |
| State shared revenue receivable | | 146,893 |
| Other receivables | | 14,274 |
| Land contract receivable - Northfield Township Area Library | | 25,715 |
| Due from other funds | | 241,727 |
| Prepaid expenditures | | <u>73,629</u> |

| | | |
|---------------------|-----------|-------------------------|
| Total assets | \$ | <u>1,319,805</u> |
|---------------------|-----------|-------------------------|

LIABILITIES

| | | |
|------------------------------|----|--------------|
| Accounts payable | \$ | 61,468 |
| Accrued compensated absences | | 3,184 |
| Due to other funds | | 18,981 |
| Due to others | | <u>6,813</u> |

| | | |
|--------------------------|-----------|---------------|
| Total liabilities | \$ | 90,446 |
|--------------------------|-----------|---------------|

FUND BALANCE

| | |
|------------------------------------|------------------|
| Nonspendable - prepaid items | 73,629 |
| Nonspendable - Library receivable | 25,715 |
| Assigned for future budget deficit | 49,333 |
| Unassigned | <u>1,080,682</u> |

| | |
|---------------------------|-------------------------|
| Total fund balance | <u>1,229,359</u> |
|---------------------------|-------------------------|

| | |
|---|----------------------------|
| Total liabilities and fund balance | <u>\$ 1,319,805</u> |
|---|----------------------------|

NORTHFIELD TOWNSHIP

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------------|-------------------|---------------------|---|
| REVENUES | | | |
| Taxes | \$ 276,984 | \$ 276,753 | \$ (231) |
| Grants | 100 | 8,000 | 7,900 |
| State revenue sources | 704,352 | 749,118 | 44,766 |
| Charges for services | 242,357 | 285,665 | 43,308 |
| Franchise fees | 98,000 | 96,556 | (1,444) |
| Interest | 4,800 | 5,132 | 332 |
| Miscellaneous revenue | 11,536 | 22,588 | 11,052 |
| Total revenues | 1,338,129 | 1,443,812 | 105,683 |
| EXPENDITURES | | | |
| Township board | 40,315 | 36,288 | 4,027 |
| Supervisor | 15,226 | 15,014 | 212 |
| Township manager | 179,690 | 164,330 | 15,360 |
| Elections | 22,200 | 20,403 | 1,797 |
| Clerk | 92,581 | 88,872 | 3,709 |
| Board of review | 14,853 | 4,525 | 10,328 |
| Treasurer | 99,209 | 86,720 | 12,489 |
| Assessor | 103,265 | 97,158 | 6,107 |
| Professional fees | 69,200 | 52,314 | 16,886 |
| Zoning and planning departments | 211,076 | 204,780 | 6,296 |
| Roads | 192,783 | 172,656 | 20,127 |
| Recreation board | 5,000 | 2,385 | 2,615 |
| Capital outlay | 29,003 | 24,355 | 4,648 |
| Rent - PSB | 87,084 | 88,193 | (1,109) |
| Other general government | 28,280 | 16,618 | 11,662 |
| Community center | 129,191 | 114,798 | 14,393 |
| Township hall and grounds | 124,877 | 117,101 | 7,776 |
| Community planning | 2,500 | | 2,500 |
| Street lights | 57,410 | 53,832 | 3,578 |
| Total expenditures | 1,503,743 | 1,360,342 | 143,401 |
| Net change in fund balance | (165,614) | 83,470 | 249,084 |
| FUND BALANCE, JULY 1, 2018 | 1,145,889 | 1,145,889 | |
| FUND BALANCE, JUNE 30, 2019 | \$ 980,275 | \$ 1,229,359 | \$ 249,084 |

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------------|---------------------|---|
| TAXES | <u>\$ 276,984</u> | <u>\$ 276,753</u> | <u>\$ (231)</u> |
| GRANTS | <u>100</u> | <u>8,000</u> | <u>7,900</u> |
| STATE REVENUE SOURCES | | | |
| State shared revenues | 702,352 | 740,307 | 37,955 |
| Local community stabilization reimbursement | <u>2,000</u> | <u>8,811</u> | <u>6,811</u> |
| Total state revenue sources | <u>704,352</u> | <u>749,118</u> | <u>44,766</u> |
| CHARGES FOR SERVICES | | | |
| Tax administration fees | 145,000 | 156,428 | 11,428 |
| Sewer administration | 46,157 | 54,756 | 8,599 |
| Fiber footage fees | 10,000 | 10,607 | 607 |
| Planning and zoning fees | 9,500 | 10,700 | 1,200 |
| Mobile home park fees | 2,850 | 2,819 | (31) |
| Summer tax collection fees | 14,000 | 13,770 | (230) |
| Duplicating | 100 | 274 | 174 |
| Penalties and interest on taxes | 4,000 | 10,479 | 6,479 |
| Community center | 10,500 | 13,281 | 2,781 |
| Licenses and fines | <u>250</u> | <u>12,551</u> | <u>12,301</u> |
| Total charges for services | <u>242,357</u> | <u>285,665</u> | <u>43,308</u> |
| FRANCHISE FEES | | | |
| Cablevision franchise fees | <u>98,000</u> | <u>96,556</u> | <u>(1,444)</u> |
| INTEREST | <u>4,800</u> | <u>5,132</u> | <u>332</u> |
| MISCELLANEOUS REVENUE | | | |
| Miscellaneous | 5,050 | 18,316 | 13,266 |
| Reimbursements | <u>6,486</u> | <u>4,272</u> | <u>(2,214)</u> |
| Total miscellaneous revenue | <u>11,536</u> | <u>22,588</u> | <u>11,052</u> |
| Total revenues | <u>\$ 1,338,129</u> | <u>\$ 1,443,812</u> | <u>\$ 105,683</u> |

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------|----------------|----------------|---|
| TOWNSHIP BOARD | | | |
| Fees | \$ | \$ 10,000 | \$ |
| Payroll taxes | | 773 | |
| Membership and dues | | 8,602 | |
| Transportation | | 10,000 | |
| Printing and publishing | | 6,903 | |
| Miscellaneous | | 10 | |
| | <u>40,315</u> | <u>36,288</u> | <u>4,027</u> |
| Total township board | | | |
| SUPERVISOR | | | |
| Supervisor's salary | | 12,500 | |
| Payroll taxes | | 956 | |
| Miscellaneous | | 1,558 | |
| | <u>15,226</u> | <u>15,014</u> | <u>212</u> |
| Total supervisor | | | |
| TOWNSHIP MANAGER | | | |
| Salaries | | 107,514 | |
| Payroll taxes | | 11,686 | |
| Insurance - benefits | | 23,643 | |
| Pension | | 7,500 | |
| Controller | | 49,583 | |
| Miscellaneous | | 6,235 | |
| Personnel allocation | | (41,831) | |
| | <u>179,690</u> | <u>164,330</u> | <u>15,360</u> |
| Total township manager | | | |
| ELECTIONS | | | |
| Fees | | 11,951 | |
| Payroll taxes | | 141 | |
| Office supplies | | 1,642 | |
| Contractual services | | 1,025 | |
| Printing and postage | | 5,644 | |
| | <u>22,200</u> | <u>20,403</u> | <u>1,797</u> |
| Total elections | | | |

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|------------------------------|---------------|---------------|---|
| CLERK | | | |
| Clerk's salary | | 12,500 | |
| Deputy clerk's salary | | 42,868 | |
| Payroll taxes | | 4,223 | |
| Insurance - benefits | | 15,104 | |
| Pension | | 4,270 | |
| Recording secretary | | 9,615 | |
| Miscellaneous | | 292 | |
| | <u>92,581</u> | <u>88,872</u> | <u>3,709</u> |
| Total clerk | | | |
| | <u>92,581</u> | <u>88,872</u> | <u>3,709</u> |
| BOARD OF REVIEW | | | |
| Fees | | 1,044 | |
| Payroll taxes | | 80 | |
| Recording secretary | | 1,320 | |
| Printing and publishing | | 640 | |
| Tax tribunal and drains | | 1,441 | |
| | <u>14,853</u> | <u>4,525</u> | <u>10,328</u> |
| Total board of review | | | |
| | <u>14,853</u> | <u>4,525</u> | <u>10,328</u> |
| TREASURER | | | |
| Treasurer's salary | | 12,500 | |
| Deputy/clerical salaries | | 48,803 | |
| Payroll taxes | | 5,300 | |
| Insurance - benefits | | 2,715 | |
| Pension | | 2,678 | |
| Legal fees | | 6,500 | |
| Tax roll preparation | | 1,511 | |
| Postage | | 3,771 | |
| Miscellaneous | | 2,942 | |
| | <u>99,209</u> | <u>86,720</u> | <u>12,489</u> |
| Total treasurer | | | |
| | <u>99,209</u> | <u>86,720</u> | <u>12,489</u> |

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|----------------|----------------|---|
| ASSESSOR | | | |
| Supplies | | 1,573 | |
| Contracted services | | 92,035 | |
| Postage and printing | | 3,550 | |
| Total assessor | <u>103,265</u> | <u>97,158</u> | <u>6,107</u> |
| PROFESSIONAL FEES | <u>69,200</u> | <u>52,314</u> | <u>16,886</u> |
| ZONING AND PLANNING DEPARTMENTS | | | |
| Board of appeals fees | | 20,344 | |
| Payroll taxes | | 4,003 | |
| Pension | | 1,758 | |
| Salaries - recording secretary | | 7,915 | |
| Planning commission fees | | 13,100 | |
| Professional fees | | 86,117 | |
| Code enforcement | | 20,788 | |
| Zoning administration | | 30,145 | |
| Printing and publications | | 5,175 | |
| Insurance and bonds | | 1,017 | |
| Miscellaneous | | 1,915 | |
| Insurance - benefits | | 12,503 | |
| Total zoning and planning departments | <u>211,076</u> | <u>204,780</u> | <u>6,296</u> |
| ROADS | <u>192,783</u> | <u>172,656</u> | <u>20,127</u> |
| RECREATION BOARD | <u>5,000</u> | <u>2,385</u> | <u>2,615</u> |
| CAPITAL OUTLAY | <u>29,003</u> | <u>24,355</u> | <u>4,648</u> |
| RENT - PSB | <u>87,084</u> | <u>88,193</u> | <u>(1,109)</u> |
| OTHER GENERAL GOVERNMENT | | | |
| Software | | 10,798 | |
| Computer services | | 3,820 | |
| Clean up program | | 2,000 | |
| Total other general government | <u>28,280</u> | <u>16,618</u> | <u>11,662</u> |

NORTHFIELD TOWNSHIP

GENERAL FUND

**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------------|---------------------|---|
| COMMUNITY CENTER | | | |
| Salaries | | 51,722 | |
| Payroll taxes | | 3,734 | |
| Insurance - benefits | | 12,841 | |
| Pension | | 4,688 | |
| Supplies | | 1,704 | |
| Dues | | 120 | |
| Programs | | 14,424 | |
| Janitorial service | | 3,665 | |
| Senior nutrition | | 2,310 | |
| Community expense | | 927 | |
| Telephone | | 2,983 | |
| Printing and publications | | 495 | |
| Insurance - general liability | | 1,131 | |
| Utilities | | 3,345 | |
| Repairs and maintenance | | 8,008 | |
| Miscellaneous | | 2,701 | |
| Total community center | <u>129,191</u> | <u>114,798</u> | <u>14,393</u> |
| TOWNSHIP HALL AND GROUNDS | | | |
| Salaries | | 7,287 | |
| Payroll taxes | | 616 | |
| Insurance | | 14,777 | |
| PSB allocation | | 43,536 | |
| Janitor fees | | 23,250 | |
| Office supplies | | 14,362 | |
| Telephone | | 2,375 | |
| Postage | | 3,245 | |
| Utilities | | 191 | |
| Repairs and maintenance | | 5,729 | |
| Tax chargebacks | | 377 | |
| Equipment rental | | 5,556 | |
| Personnel allocation | | (4,200) | |
| Total township hall and grounds | <u>124,877</u> | <u>117,101</u> | <u>7,776</u> |
| COMMUNITY PLANNING | <u>2,500</u> | | <u>2,500</u> |
| STREET LIGHTS | <u>57,410</u> | <u>53,832</u> | <u>3,578</u> |
| Total expenditures | <u>\$ 1,503,743</u> | <u>\$ 1,360,342</u> | <u>\$ 143,401</u> |

FIRE FUND

NORTHFIELD TOWNSHIP

**FIRE FUND
BALANCE SHEET
JUNE 30, 2019**

ASSETS

| | |
|---------------------|--------------------------|
| Cash | \$ 700,271 |
| Taxes receivable | 3,873 |
| Prepaid expenses | <u>175</u> |
| Total assets | <u><u>\$ 704,319</u></u> |

LIABILITIES

| | |
|------------------------------|---------------|
| Accounts payable | \$ 11,768 |
| Accrued compensated absences | 2,796 |
| Due to other funds | 58,759 |
| Due to others | <u>84</u> |
| Total liabilities | <u>73,407</u> |

FUND BALANCE

| | |
|---|--------------------------|
| Nonspendable - prepaid items | 175 |
| Restricted - fire | <u>630,737</u> |
| Total fund balance | <u>630,912</u> |
| Total liabilities and fund balance | <u><u>\$ 704,319</u></u> |

NORTHFIELD TOWNSHIP

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|-------------------|-------------------|---|
| REVENUES | | | |
| Taxes | \$ | \$ 702,090 | \$ |
| State revenue sources | | 9,920 | |
| Charges for services | | 21,357 | |
| Contributions | | 505 | |
| Interest | | 3,425 | |
| Miscellaneous revenue | | 240 | |
| | <u>736,683</u> | <u>737,537</u> | <u>854</u> |
| Total revenues | | | |
| EXPENDITURES | | | |
| Salaries | | 309,361 | |
| Payroll taxes | | 23,147 | |
| Insurance - benefits | | 26,573 | |
| Pension | | 8,923 | |
| Medical testing | | 384 | |
| Uniforms | | 7,160 | |
| Controller | | 5,781 | |
| Audit fees | | 2,250 | |
| Vehicle | | 496,053 | |
| Training and development | | 6,462 | |
| Membership fees | | 1,175 | |
| Contractual services | | 1,995 | |
| Dispatch services | | 11,607 | |
| Telephone | | 7,803 | |
| Supplies | | 9,025 | |
| Insurance and bonds | | 60,281 | |
| Office overhead | | 43,536 | |
| PSB lease | | 88,193 | |
| Printing and postage | | 136 | |
| Utilities | | 7,603 | |
| Repairs and maintenance | | 35,295 | |
| Equipment | | 30,242 | |
| Computers | | 1,843 | |
| Miscellaneous | | 2,251 | |
| Personnel allocation | | (64,085) | |
| | <u>1,186,343</u> | <u>1,122,994</u> | <u>63,349</u> |
| Total expenditures | | | |
| Excess of revenues over (under) expenditures | <u>(449,660)</u> | <u>(385,457)</u> | <u>64,203</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of assets | <u>60,000</u> | | <u>(60,000)</u> |
| | | | |
| Net change in fund balance | (389,660) | (385,457) | 4,203 |
| FUND BALANCE, JULY 1, 2018 | <u>1,016,369</u> | <u>1,016,369</u> | |
| FUND BALANCE, JUNE 30, 2019 | <u>\$ 626,709</u> | <u>\$ 630,912</u> | <u>\$ 4,203</u> |

LAW ENFORCEMENT FUND

NORTHFIELD TOWNSHIP

**LAW ENFORCEMENT FUND
BALANCE SHEET
JUNE 30, 2019**

ASSETS

| | | |
|----------------------|----|------------|
| Cash | \$ | 587,768 |
| Taxes receivable | | 8,656 |
| Prepaid expenses | | 26 |
| Due from other funds | | 35,000 |
| Due from others | | <u>529</u> |

| | | |
|---------------------|-----------|-----------------------|
| Total assets | \$ | <u>631,979</u> |
|---------------------|-----------|-----------------------|

LIABILITIES

| | | |
|------------------------------|----|---------------|
| Accounts payable | \$ | 12,148 |
| Due to other funds | | 84,278 |
| Accrued compensated absences | | <u>21,736</u> |

| | | |
|--------------------------|-----------|-----------------------|
| Total liabilities | \$ | <u>118,162</u> |
|--------------------------|-----------|-----------------------|

FUND BALANCE

| | | |
|------------------------------|--|----------------|
| Nonspendable - prepaid items | | 26 |
| Restricted - law enforcement | | <u>513,791</u> |

| | | |
|---------------------------|--|-----------------------|
| Total fund balance | | <u>513,817</u> |
|---------------------------|--|-----------------------|

| | | |
|---|-----------|-----------------------|
| Total liabilities and fund balance | \$ | <u>631,979</u> |
|---|-----------|-----------------------|

NORTHFIELD TOWNSHIP

LAW ENFORCEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------|---------------|---|
| REVENUES | | | |
| Taxes | \$ | \$ 1,558,140 | \$ |
| Local stabilization reimbursement | | 22,014 | |
| Public safety mileage reimbursement | | 156,162 | |
| Fines and court fees | | 3,096 | |
| Liquor law license fees | | 3,510 | |
| Charges for services | | 13,003 | |
| Interest income | | 473 | |
| Reimbursements | | 2,807 | |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 1,638,067 | 1,759,205 | 121,138 |
| EXPENDITURES | <hr/> | <hr/> | <hr/> |
| | 1,688,058 | 1,734,868 | (46,810) |
| Excess of revenues over (under) expenditures | (49,991) | 24,337 | 74,328 |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <hr/> | <hr/> | <hr/> |
| | 36,500 | 35,000 | (1,500) |
| Net change in fund balance | (13,491) | 59,337 | 72,828 |
| FUND BALANCE, JULY 1, 2018 | <hr/> | <hr/> | <hr/> |
| | 454,480 | 454,480 | |
| FUND BALANCE, JUNE 30, 2019 | <hr/> | <hr/> | <hr/> |
| | \$ 440,989 | \$ 513,817 | \$ 72,828 |

NORTHFIELD TOWNSHIP

**LAW ENFORCEMENT FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------|---------------------|---------------------|---|
| EXPENDITURES | | | |
| Salaries | \$ | \$ 931,778 | \$ |
| Payroll taxes | | 71,061 | |
| Insurance - benefits | | 163,963 | |
| Professional fees | | 55,424 | |
| Pension | | 67,776 | |
| Controller | | 5,781 | |
| Membership dues | | 219 | |
| Printing and postage | | 1,027 | |
| Transportation | | 21,304 | |
| Insurance and bonds | | 69,764 | |
| Repairs and maintenance | | 17,967 | |
| Telephone | | 11,547 | |
| Supplies | | 6,412 | |
| Equipment rental | | 2,818 | |
| Office overhead | | 43,536 | |
| PSB lease | | 88,193 | |
| Contractual services | | 28,104 | |
| Dispatch services | | 65,247 | |
| Uniforms | | 6,760 | |
| Medical testing | | 1,168 | |
| Personnel allocation | | 64,085 | |
| Miscellaneous | | 10,934 | |
| | <u>\$ 1,688,058</u> | <u>\$ 1,734,868</u> | <u>\$ (46,810)</u> |
| Total expenditures | | | |

SEWAGE DISPOSAL SYSTEM FUND

NORTHFIELD TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF NET POSITION
JUNE 30, 2019**

CURRENT ASSETS

| | | |
|-----------------------------|--------------|---------------------|
| Cash | \$ 1,436,143 | |
| Investments | 499,866 | |
| Sewer billings receivable | 402,410 | |
| Other receivables | 22,870 | |
| Interest receivable | 5,982 | |
| Due from other funds | 3,441 | |
| Due from others | 388 | |
| Prepaid expenses | 946 | |
| | <hr/> | |
| Total current assets | | \$ 2,372,046 |

RESTRICTED ASSETS

| | | |
|--------------------------------|-----------|------------------|
| Cash | 1,312,209 | |
| Special assessments receivable | 640,005 | |
| | <hr/> | |
| Total restricted assets | | 1,952,214 |

PLANT, PROPERTY AND EQUIPMENT

| | | |
|---|-------------|----------------------|
| Land | 226,918 | |
| Plant | 2,229,393 | |
| Plant expansion | 12,109,445 | |
| Equipment | 1,289,772 | |
| | <hr/> | |
| | 15,855,528 | |
| Less: accumulated depreciation | (7,514,560) | |
| | <hr/> | |
| Net plant, property, and equipment | | 8,340,968 |
| | | <hr/> |
| Total assets | | \$ 12,665,228 |
| | | <hr/> <hr/> |

CURRENT LIABILITIES

| | | |
|----------------------------------|-----------|-------------------|
| Accounts payable | \$ 27,887 | |
| Accrued compensated absences | 35,917 | |
| Due to other funds | 75,000 | |
| Bonds payable - current portion | 113,596 | |
| | <hr/> | |
| Total current liabilities | | \$ 252,400 |

LONG-TERM LIABILITIES

| | | |
|--------------------------------------|---------|------------------|
| Bonds payable - less current portion | 883,902 | |
| | <hr/> | |
| Total liabilities | | 1,136,302 |

NET POSITION

| | | |
|---|--|----------------------|
| Total liabilities and net position | | 11,528,926 |
| | | <hr/> |
| | | \$ 12,665,228 |
| | | <hr/> <hr/> |

NORTHFIELD TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

OPERATING REVENUES

| | | |
|--------------|--|--------------|
| User charges | | \$ 1,462,268 |
|--------------|--|--------------|

OPERATING EXPENSES

| | | |
|--------------------------|------------|--|
| Salaries and wages | \$ 279,945 | |
| Payroll taxes | 21,199 | |
| Insurance - benefits | 91,326 | |
| Pension | 24,993 | |
| Depreciation | 339,539 | |
| Training and development | 2,720 | |
| Testing | 980 | |
| Operating supplies | 48,744 | |
| Uniforms | 1,573 | |
| Professional services | 6,300 | |
| Controller | 16,701 | |
| Supplies | 1,447 | |
| Equipment | 4,014 | |
| Contracted services | 189,712 | |
| Administration fees | 43,696 | |
| Telephone | 5,968 | |
| Transportation | 3,424 | |
| Printing and postage | 3,676 | |
| Insurance and bonds | 28,138 | |
| Utilities | 117,747 | |
| Repairs and maintenance | 54,720 | |
| Equipment rental | 1,664 | |

| | | |
|---------------------------------|--|------------------|
| Total operating expenses | | <u>1,288,226</u> |
|---------------------------------|--|------------------|

| | | |
|-------------------------|--|---------|
| Operating income | | 174,042 |
|-------------------------|--|---------|

NON-OPERATING REVENUES AND (EXPENSES)

| | | |
|--|----------|--|
| Interest income - cash and equivalents | 14,276 | |
| Interest - special assessments | 43,880 | |
| Other revenues | 2,324 | |
| Interest expense | (35,640) | |
| Loss on sale of asset | (13,001) | |
| Agent fees | (500) | |

| | | |
|--|--|---------------|
| Total non-operating revenues and (expenses) | | <u>11,339</u> |
|--|--|---------------|

| | | |
|-------------------------------|--|---------|
| Change in net position | | 185,381 |
|-------------------------------|--|---------|

| | | |
|-----------------------------------|--|-------------------|
| NET POSITION, JULY 1, 2018 | | <u>11,343,545</u> |
|-----------------------------------|--|-------------------|

| | | |
|------------------------------------|--|-----------------------------|
| NET POSITION, JUNE 30, 2019 | | <u><u>\$ 11,528,926</u></u> |
|------------------------------------|--|-----------------------------|

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|------------------|-------------------|
| Cash receipts from customers | \$ 1,425,363 | |
| Cash payments to employees | (293,959) | |
| Cash payments to suppliers of goods and services | <u>(573,152)</u> | |
| Net cash provided by operating activities | | \$ 558,252 |

CASH FLOWS FROM CAPITAL

AND RELATED FINANCING ACTIVITIES

| | | |
|--|---------------|----------------|
| Loss on disposal of asset | (13,001) | |
| Special assessments and interest received | 254,369 | |
| Other revenue (expense) | 2,324 | |
| Acquisition of capital assets | (61,517) | |
| Repayment of principal on bonds/contracts | (149,737) | |
| Investment activity | <u>69,969</u> | |
| Net cash (used in) capital and related financing activities | | 102,407 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|---------------|----------------|
| Interest on cash and cash equivalents | <u>17,238</u> | |
| Net increase in cash and cash equivalents | | 677,897 |

CASH AND CASH EQUIVALENTS AT, JULY 1, 2018

2,070,455

CASH AND CASH EQUIVALENTS AT, JUNE 30, 2019

\$ 2,748,352

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

| | | |
|---|---------------|--------------------------|
| Operating income | | \$ 174,042 |
| Adjustments to reconcile operating income to net cash (used in) operating activities: | | |
| Depreciation | \$ 339,539 | |
| Change in assets and liabilities: | | |
| (Increase) decrease in receivables | (37,293) | |
| (Increase) decrease in prepaid expenses | (16) | |
| Increase (decrease) in accounts payable/accrued compensated absences | 6,789 | |
| Increase (decrease) in due to other funds | <u>75,191</u> | |
| Total adjustments | | <u>384,210</u> |
| Net cash provided by operating activities | | <u><u>\$ 558,252</u></u> |