

CHARTER TOWNSHIP OF INDEPENDENCE

FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION

December 31, 2013

CHARTER TOWNSHIP OF INDEPENDENCE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Charter Township of Independence

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Independence (the "Township") as of and for the year ended December 31, 2013, 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. We did not audit the financial statements of the Clarkston Independence District Library, which represent 85.8 percent, 87.6 percent, and 87.7 percent, respectively, of the assets, net position, and revenues of aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Clarkston Independence District Library, is based solely on the report of the other auditors. 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 Township'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 Township'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.

Basis for Qualified Opinion on Discretely Presented Component Unit – Clarkston Independence District Library

The Charter Township of Independence previously established another post-employment benefit trust that specifically included a division for the employees of the Library. The separation agreement between the recently created Clarkston Independence District Library and the Township stated that the Library is responsible for providing its remaining active employees with other post-employment benefits. The Township has not obtained a separate actuarial valuation for the other post-employment benefits plan as it relates only to division for the employees of the Library; however contributions have been made by the Library to the plan. The Library's net other post-employment benefits asset or liability in the governmental activities as of December 31, 2013, cannot be determined without such an actuarial valuation. Accounting principles generally accepted in the United States of America require an actuarial valuation at least biennially for other post-employment benefit plans with a total membership of 200 or more, or at least triennially for plans with a total membership of fewer than 200. The amount by which this departure would affect the assets or liabilities, net position, and expenses of the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Discretely Presented Component Unit – Clarkston Independence District Library" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Clarkston Independence District Library as of December 31, 2013, and the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that Clarkston Independence District Library will continue as a going concern. The Library may not be able to continue as a going concern if a property tax levy of at least 1.25 mills is not approved by the voters by August 10, 2014, which will result in dissolution of the Library whereby all assets will revert back to the Township based on the separation agreement dated August 1, 2012. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. Our opinions are not modified with respect to this matter.

Unmodified Opinions

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules on page 5 and 44–48 respectively, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Independence's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purpose of additional analysis and is 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.

To the Board of Trustees
Charter Township of Independence
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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.

UHY LLP

Farmington Hills, Michigan
August 5, 2014

CHARTER TOWNSHIP OF INDEPENDENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Our discussion and analysis of the Charter Township of Independence's (the "Township") financial performance provides an overview of the Township's financial activities for the year ended December 31, 2013. Please read it in conjunction with the Township's financial statements.

Township Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2013:

- Over the last year the Township has increased the fund balance for each of the dedicated millage, which includes the General Operating Fund, Police Fund, Fire Fund and the Safety Path Fund. The General Fund revenue has increased approximately \$239,000 and the expenditures have decreased approximately \$464,000 under budget. The Township is still looking at areas to be fiscally responsible.
- The property tax values for both residential and commercial properties have stabilized in 2013. The Township has also seen a 58% increase of new home building permits issued through our building department over 2012. These are good indicators for the growth of our township.
- The State of Michigan has approved the I-75 and Sashabaw Road improvement project. We have secured funding for this project as well. Our Township continues to attract new home owners and businesses to our quaint community.
- The Township has implemented a capital improvement plan to upgrade the parks, while the \$300,000 Senior Center expansion project is nearly secured with private funding. Our partnership between the Independence Television and Clarkston Community Schools is generating an increase to the local television content. This has been a positive endeavor for our community.
- As the Township continues to improve, our bond rating is at AA+ which is the second highest possible rating. We feel all these factors are significant to the growth and health of our great community.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. This long-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

CHARTER TOWNSHIP OF INDEPENDENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Using this Annual Report (Continued)

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statement provides financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental Activities

The following table shows, in a condensed format, the current year's net position and changes in net position compared to the prior year:

	2011	2012	2013	Change from Prior Year	
				Amount	Percent
Assets					
Non-capital assets	\$ 23,073,393	\$ 22,898,385	\$ 24,614,910	\$ 1,716,525	7.5 %
Capital assets	16,308,045	16,716,144	14,772,192	(1,943,952)	(11.6)
Total assets	39,381,438	39,614,529	39,387,102	(227,427)	(.6)
Liabilities					
Current liabilities	12,425,317	12,258,480	11,539,222	(719,258)	(5.9)
Long-term liabilities	550,783	452,695	427,085	(25,610)	(5.7)
Total liabilities	12,976,100	12,711,175	11,966,307	(744,868)	(5.9)
Net Position					
Invested in capital assets - Net of related debt	16,121,462	16,584,878	14,618,410	(1,966,468)	(11.9)
Restricted	6,684,955	5,617,037	6,499,969	882,932	15.7
Unrestricted	3,598,921	4,701,439	6,302,416	1,600,977	34.1
Total net position	\$ 26,405,338	\$ 26,903,354	\$ 27,420,795	\$ 517,441	1.9 %

CHARTER TOWNSHIP OF INDEPENDENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

	2011	2012	2013	<u>Change from Prior Year</u>	
				<u>Amount</u>	<u>Percent</u>
Revenue					
Program revenue:					
Charges for services	\$ 3,037,966	\$ 2,529,274	\$ 2,325,826	\$ (203,448)	(8.0) %
Operating grants and contributions	68,591	204,175	59,337	(144,838)	(70.9)
Capital grants and contributions	136,777	-	-	-	-
General revenue:					
Property taxes	11,483,329	10,652,679	10,222,485	(430,194)	(4.0)
State-shared revenue	2,517,188	2,528,796	2,578,172	49,376	2.0
Investment earnings	463,490	197,854	49,488	(148,366)	(75.0)
Franchise fees	748,548	762,996	874,374	111,378	14.6
Other miscellaneous income	485,153	1,250,830	1,357,646	106,816	8.5
Total revenue	<u>18,941,042</u>	<u>18,126,604</u>	<u>17,467,328</u>	<u>(659,276)</u>	
Program Expenses					
General government	2,817,907	2,778,764	3,094,369	315,605	11.4
Public safety	10,047,571	9,855,728	9,506,864	(348,864)	(3.5)
Public works	525,663	419,539	351,593	(67,946)	(16.2)
Community and economic development	51,461	166,280	29,023	(137,257)	(82.5)
Recreation and culture	3,877,495	4,000,674	2,531,605	(1,469,069)	(36.7)
Interest on long-term debt	3,346	2,168	2,168	-	-
Total program expenses	<u>17,323,443</u>	<u>17,223,153</u>	<u>15,515,622</u>	<u>(1,707,531)</u>	(9.9)
Change in Net Position	<u>\$ 1,617,599</u>	<u>\$ 903,451</u>	<u>\$ 1,951,706</u>	<u>\$ 1,048,255</u>	116.0 %

The Township's governmental revenue has decreased \$659,276 compared to 2012, primarily attributable to significant decreases in property tax revenue. The Township does not anticipate continuing decreases in the property tax revenue and in fact expects revenue to stabilize for 2014.

Expenses decreased by \$1,707,531 from last fiscal year. The decrease is primarily attributable to the movement of the library activity from the Township to the component unit.

CHARTER TOWNSHIP OF INDEPENDENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position compared to the prior year:

	2011	2012	2013	Change from Prior Year	
				Amount	Percent
Assets					
Current assets	\$ 9,501,303	\$ 10,084,047	\$ 11,473,636	\$ 1,389,589	13.8 %
Capital assets	59,175,122	57,659,845	56,191,372	(1,468,473)	(2.5)
Other noncurrent assets	<u>2,440,577</u>	<u>2,184,707</u>	<u>2,051,681</u>	<u>(133,026)</u>	<u>(6.1)</u>
Total assets	71,117,002	69,928,599	69,716,689	(211,910)	(.3)
Liabilities					
Current liabilities	1,988,589	2,017,121	2,521,266	504,145	25.0
Long-term liabilities	<u>14,712,386</u>	<u>13,869,160</u>	<u>13,342,749</u>	<u>(526,411)</u>	<u>(3.8)</u>
Total liabilities	16,700,975	15,886,281	15,864,015	(22,266)	(.1)
Net Position					
Invested in capital assets -					
Net of related debt	43,575,457	42,770,367	41,763,374	(1,006,993)	(2.4)
Restricted	-	-	-	-	-
Unrestricted	<u>10,840,570</u>	<u>11,271,951</u>	<u>12,089,300</u>	<u>817,349</u>	<u>7.3</u>
Total net position	<u>\$ 54,416,027</u>	<u>\$ 54,042,318</u>	<u>\$ 53,852,674</u>	<u>\$ (189,644)</u>	<u>(.4) %</u>

CHARTER TOWNSHIP OF INDEPENDENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

	2011	2012	2013	Change from Prior Year	
				Amount	Percent
Changes in Net Position					
Operating revenue	\$ 6,198,094	\$ 6,858,409	\$ 6,856,042	\$ (2,367)	(.0) %
Operating expenses - Before depreciation	<u>4,903,340</u>	<u>5,190,110</u>	<u>5,376,892</u>	<u>186,782</u>	3.6
Operating Income (Loss) - Before depreciation	1,294,754	1,668,299	1,479,150	(189,149)	(11.3)
Depreciation Expense	<u>2,346,347</u>	<u>2,347,468</u>	<u>2,324,304</u>	<u>(23,164)</u>	(1.0)
Operating Loss	(1,051,593)	(679,169)	(845,154)	(165,985)	24.4
Nonoperating Revenue	(148,246)	(302,685)	(323,869)	(21,184)	7.0
(Expense)					
Capital Contributions	<u>574,225</u>	<u>575,545</u>	<u>979,379</u>	<u>403,834</u>	70.2
Change in Net Position	<u>\$ (625,614)</u>	<u>\$ (406,309)</u>	<u>\$ (189,644)</u>	<u>\$ 216,665</u>	(53.3) %

The Township's business-type activities consist of the Water and Sewer Funds. The Township provides water to the residents using a community well system owned, operated, and maintained by the Township. The Township provides sewage treatment through the Clinton-Oakland sewage system. In 2013, both operating revenue and expenses have remained relatively consistent.

The Township's Funds

Our analysis of the Township's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax mileages. The Township's major funds for 2013 include the General Fund, Police Millage Fund, Fire Millage Fund, and the Safety Paths Fund.

The General Fund pays for the Township's governmental services. The most significant expenditure of the General Fund is the support of Parks and Recreation. Parks and Recreation charges for participation in many of the programs it offers; however, these charges do not cover all costs. Also, there are some programs and activities of Parks and Recreation for which the participants are not charged.

CHARTER TOWNSHIP OF INDEPENDENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

General Fund Budgetary Highlights

Over the course of the year, the Township administration and the Township board monitored and amended the budgets to take into account unanticipated events that occurred during the year. At year end, actual General Fund revenue was \$207,548 higher than budget. Expenditures were \$671,373 under budget.

Capital Asset and Debt Administration

At the end of 2013, the Township had approximately \$71.0 million invested in a broad range of capital assets, including land, building, fire equipment, safety paths, water and sewer lines, and roads. Total capital assets decreased by approximately \$3.4 million from 2012. The main components of this change are the transfer of assets to the District Library and the sale and refurbishment of three fire engines and a sewer truck.

At December 31, 2013, the Township owed approximately \$14.9 million related to long-term bonds and contracts payable, compared to approximately \$15.3 million owed at December 31, 2012. The decrease is primarily due to bond payments in the business type activities of approximately \$1.0 million exceeding the additional drawdowns of \$558,838 on the Oakland Macomb Interceptor Drain Bonds.

Economic Factors and Next Year's Budget and Rates

Independence Township (population 36,600) is primarily a residential community located in northern Oakland County, Michigan. During the late 1990s and early 2000s, the Township was experiencing increases in assessed and taxable value of property. Beginning in 2008, the taxable values began to decline and this trend continued into the 2013 fiscal year. Currently, the Township is anticipating a change in this trend for 2014, the taxable value is anticipated to remain or experience a slight increase.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

CHARTER TOWNSHIP OF INDEPENDENCE
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 19,429,990	\$ 9,676,577	\$ 29,106,567	\$ 996,999
Receivables - Net:				
Property taxes	4,764,781	-	4,764,781	-
Customers	-	1,454,236	1,454,236	-
Other receivables	206,300	26,440	232,740	4,552
Due from other governmental units	428,737	519	429,256	806,781
Special assessments and other receivables	551,190	294,788	845,978	-
Internal balances	(1,906,526)	1,906,526	-	-
Prepaid expenses	640,975	21,076	662,051	22,816
Assets held for resale	268,228	-	268,228	-
Net other postemployment benefits assets	231,235	145,155	376,390	-
Capital assets - Net				
Assets not subject to depreciation	2,149,701	2,468,842	4,618,543	3,625
Assets subject to depreciation	12,622,491	53,722,530	66,345,021	1,268,208
Total assets	<u>39,387,102</u>	<u>69,716,689</u>	<u>109,103,791</u>	<u>3,102,981</u>
LIABILITIES				
Accounts payable	897,648	866,603	1,764,251	160,403
Due to other governmental units	906	-	906	-
Accrued and other liabilities	355,715	370,154	725,869	35,153
Property taxes	-	-	-	27,094
Unearned revenue	-	199,260	199,260	-
Noncurrent liabilities				
Due within one year				
Compensated absences	35,000	-	35,000	-
Current portion of long-term debt	44,740	1,085,249	1,129,989	-
Due in more than one year				
Compensated absences	238,303	-	238,303	-
Long-term debt	109,042	13,342,749	13,451,791	-
Total liabilities	<u>1,681,354</u>	<u>15,864,015</u>	<u>17,545,369</u>	<u>222,650</u>
Deferred inflows of resources	10,284,953	-	10,284,953	935,768
NET POSITION				
Invested in capital assets	14,618,410	41,763,374	56,381,784	-
Restricted:				
Police and fire services	3,864,484	-	3,864,484	-
Library	-	-	-	1,271,833
Safety path millage	1,431,387	-	1,431,387	-
Cemetery permanent funds- expendable	686,291	-	686,291	-
Public access studio capital projects	517,807	-	517,807	-
Unrestricted	6,302,416	12,089,300	18,391,716	672,730
Total net position	<u>\$ 27,420,795</u>	<u>\$ 53,852,674</u>	<u>\$ 81,273,469</u>	<u>\$ 1,944,563</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Statement of Activities

Year Ended December 31, 2013

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,094,369	\$ 2,435	\$ -	\$ -
Public safety	9,506,864	1,225,151	-	-
Public works	351,593	-	-	-
Community and economic development	29,023	-	56,337	-
Recreation and culture	2,531,605	1,098,240	3,000	-
Interest on long-term debt	2,168	-	-	-
Total governmental activities	<u>15,515,622</u>	<u>2,325,826</u>	<u>59,337</u>	<u>-</u>
Business-type activities				
Water Fund	3,199,036	3,058,203	-	383,357
Sewer Fund	<u>4,862,335</u>	<u>3,797,839</u>	<u>-</u>	<u>596,022</u>
Total business-type activities	<u>8,061,371</u>	<u>6,856,042</u>	<u>-</u>	<u>979,379</u>
Total primary government	<u>\$ 23,576,993</u>	<u>\$ 9,181,868</u>	<u>\$ 59,337</u>	<u>\$ 979,379</u>
Component units	<u>\$ 1,306,493</u>	<u>\$ 72,958</u>	<u>\$ -</u>	<u>\$ 100,000</u>

General revenues:

Property taxes
 State-shared revenue
 Investment income
 Cable franchise fees
 Other miscellaneous income

Total general revenues

Change in Net Position

Net Position - Beginning of year

Transfer to District Library

Net Position - End of year

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,091,934)	\$ -	\$ (3,091,934)	\$ -
(8,281,713)	-	(8,281,713)	-
(351,593)	-	(351,593)	-
27,314	-	27,314	-
(1,430,365)	-	(1,430,365)	-
(2,168)	-	(2,168)	-
<u>(13,130,459)</u>	<u>-</u>	<u>(13,130,459)</u>	<u>-</u>
-	242,524	242,524	-
-	(468,474)	(468,474)	-
-	(225,950)	(225,950)	-
<u>(13,130,459)</u>	<u>(225,950)</u>	<u>(13,356,409)</u>	<u>-</u>
-	-	-	(1,133,535)
10,222,485	-	10,222,485	924,003
2,578,172	-	2,578,172	-
49,488	36,306	85,794	3,016
874,374	-	874,374	-
1,357,646	-	1,357,646	71,066
<u>15,082,165</u>	<u>36,306</u>	<u>15,118,471</u>	<u>998,085</u>
1,951,706	(189,644)	1,762,062	(135,450)
26,903,354	54,042,318	80,945,672	645,748
<u>(1,434,265)</u>	<u>-</u>	<u>(1,434,265)</u>	<u>1,434,265</u>
<u>\$ 27,420,795</u>	<u>\$ 53,852,674</u>	<u>\$ 81,273,469</u>	<u>\$ 1,944,563</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Governmental Funds

Balance Sheet

December 31, 2013

	General Fund	Police Millage Fund	Fire Millage Fund	Safety Paths Fund	Nonmajor Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 6,072,303	\$ 3,858,032	\$ 5,084,419	\$ 1,648,875	\$ 2,766,361	\$ 19,429,990
Receivables - Net:						
Property taxes	691,129	1,771,971	2,113,648	181,560	-	4,758,308
Special assessments and other	241,977	-	-	-	309,213	551,190
Other receivables	2,706	7,437	113,776	4,029	78,352	206,300
Due from other governmental units	428,737	-	-	-	-	428,737
Due from other funds	11,508	-	-	-	-	11,508
Prepaid expenses and other assets	270,664	-	131,115	2,544	-	404,323
Assets held for resale	-	-	-	-	268,228	268,228
	<u>\$ 7,719,024</u>	<u>\$ 5,637,440</u>	<u>\$ 7,442,958</u>	<u>\$ 1,837,008</u>	<u>\$ 3,422,154</u>	<u>\$ 26,058,584</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 373,519	\$ 377,797	\$ 138,970	\$ 3,937	\$ 3,425	\$ 897,648
Due to other governmental units	906	-	-	-	-	906
Due to other funds	-	-	-	-	11,508	11,508
Accrued liabilities and other	175,789	4,601	166,816	3,221	5,288	355,715
	<u>550,214</u>	<u>382,398</u>	<u>305,786</u>	<u>7,158</u>	<u>20,221</u>	<u>1,265,777</u>
Deferred inflows of resources	1,361,673	3,888,926	4,638,804	398,463	182,773	10,470,639
Fund Balances						
Nonspendable-Prepays	270,664	-	-	-	-	270,664
Restricted						
Safety Paths	-	-	-	1,431,387	-	1,431,387
Police	-	1,366,116	-	-	-	1,366,116
Fire	-	-	2,498,368	-	-	2,498,368
Capital projects	-	-	-	-	517,807	517,807
Cemetery care	686,291	-	-	-	-	686,291
Assigned						
Debt Service Funds	-	-	-	-	466,483	466,483
Capital Projects Funds	-	-	-	-	2,252,776	2,252,776
Unassigned	4,850,182	-	-	-	(17,906)	4,832,276
	<u>5,807,137</u>	<u>1,366,116</u>	<u>2,498,368</u>	<u>1,431,387</u>	<u>3,219,160</u>	<u>14,322,168</u>
Total liabilities and fund balances	<u>\$ 7,719,024</u>	<u>\$ 5,637,440</u>	<u>\$ 7,442,958</u>	<u>\$ 1,837,008</u>	<u>\$ 3,422,154</u>	<u>\$ 26,058,584</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

December 31, 2013

Fund Balance Reported in Governmental Funds	\$14,322,168
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	12,385,827
Special assessment and receivables for other charges for services are not expected to be collected currently and are not available to pay for current expenditures	185,686
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(153,782)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not recorded as fund liabilities	(273,303)
Other postemployment benefits are not financial resources and are not reported in the funds	231,235
Delinquent personal property taxes are not recognized as revenue in the funds until received; the government-wide statements recognize an estimate of the amount that will ultimately be collected	6,473
Expenses are normally expensed when paid in the funds; the government-wide statements allocate prepaid expenses over future periods	236,652
Internal service funds are included as part of governmental activities	<u>479,839</u>
Net Position of Governmental Activities	<u><u>\$27,420,795</u></u>

CHARTER TOWNSHIP OF INDEPENDENCE
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2013

	General Fund	Police Millage Fund	Fire Millage Fund	Safety Paths Fund	Nonmajor Governmental Funds	Total
Revenue						
Property taxes	\$ 1,386,780	\$3,885,727	\$ 4,756,072	\$ 263,586	\$ -	\$10,292,165
Licenses and permits	725,460	-	-	-	-	725,460
Federal grants	-	-	-	-	56,337	56,337
State-shared revenue and grants	2,594,357	24,498	-	-	-	2,618,855
Charges for services	1,103,675	386,358	838,793	-	-	2,328,826
Fines and forfeitures	590	122,053	1,768	-	-	124,411
Interest and rentals	38,670	-	1,400	3,237	35,023	78,330
Other revenue						
Special assessments	-	-	-	-	71,370	71,370
Cable franchise fees	624,552	-	-	-	249,822	874,374
Other miscellaneous income	425,257	-	101,145	16,511	932	543,845
Total revenue	<u>6,899,341</u>	<u>4,418,636</u>	<u>5,699,178</u>	<u>283,334</u>	<u>413,484</u>	<u>17,713,973</u>
Expenditures						
Current						
General government	2,605,559	-	-	-	-	2,605,559
Public safety	560,095	4,255,048	4,534,093	-	-	9,349,236
Public works	170,066	-	-	-	-	170,066
Community and economic development	-	-	-	-	29,023	29,023
Recreation and culture	2,163,697	-	-	145,022	290,997	2,599,716
Capital outlay	420,332	-	216,866	-	41,060	678,258
Debt service	-	-	-	-	30,728	30,728
Total expenditures	<u>5,919,749</u>	<u>4,255,048</u>	<u>4,750,959</u>	<u>145,022</u>	<u>391,808</u>	<u>15,462,586</u>
Excess of Revenue Over Expenditures	979,592	163,588	948,219	138,312	21,676	2,251,387
Other Financing Sources (Uses)						
Proceeds from debt	36,134	-	-	-	-	36,134
Transfer in	342,314	-	-	-	1,582,538	1,924,852
Transfer out	(1,119,160)	-	(463,378)	-	(342,314)	(1,924,852)
Total other financing sources (uses)	<u>(740,712)</u>	<u>-</u>	<u>(463,378)</u>	<u>-</u>	<u>1,240,224</u>	<u>36,134</u>
Net Changes in Fund Balance	<u>238,880</u>	<u>163,588</u>	<u>484,841</u>	<u>138,312</u>	<u>1,261,900</u>	<u>2,287,521</u>
Fund Balances - Beginning of year	<u>5,568,257</u>	<u>1,202,528</u>	<u>2,013,527</u>	<u>1,293,075</u>	<u>1,957,260</u>	<u>12,034,647</u>
Fund Balances - End of year	<u>\$ 5,807,137</u>	<u>\$ 1,366,116</u>	<u>\$ 2,498,368</u>	<u>\$ 1,431,387</u>	<u>\$ 3,219,160</u>	<u>\$ 14,322,168</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 2,287,521
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	678,258
Depreciation expense	(1,032,597)
Proceeds from sale of capital assets is revenue in the governmental funds; but not in the statement of activities	(98,490)
Gain from sale of capital assets is not recorded in the governmental funds, but is recorded in the statement of activities	11,324
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(143,046)
Delinquent personal property tax revenues are recorded in the government-wide statements based on estimated collectability; they are not reported in the funds until collected	1,996
Expenses are normally expensed when paid in the funds; the government-wide statements allocate prepaid expenses over future periods	(3,738)
Changes in the net postemployment benefit asset reported in the statement of activities is not a current resource and therefore is not reported in the fund statements until they are realized	95,038
Proceeds of bond principal is income in the governmental funds, but not in the statement of activities (where it increases long-term debt)	(72,400)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	49,884
Interest expense is recorded in the statement of activities when a liability is incurred; it is reported in the funds only when payment is due	231
Decrease in accumulated employee sick and vacation pay, as well as estimated general liability claims, is recorded when earned in the statement of activities	48,127
Internal service funds are included as part of governmental activities	<u>129,598</u>
Change in Net Position of Governmental Activities	<u>\$ 1,951,706</u>

CHARTER TOWNSHIP OF INDEPENDENCE

**Proprietary Funds
Statement of Net Position
December 31, 2013**

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,957,079	\$ 6,719,498	\$ 9,676,577	\$ -
Receivables				
Special assessments and other	91,127	203,661	294,788	-
Customer usage	613,809	840,427	1,454,236	-
Other receivables	9,930	16,510	26,440	-
Due from other governmental units	519	-	519	-
Prepaid assets	9,404	11,672	21,076	-
Total current assets	3,681,868	7,791,768	11,473,636	-
Noncurrent assets				
Advances to other funds	934,425	972,101	1,906,526	-
Net other postemployment benefits asset	32,694	112,461	145,155	-
Capital assets:				
Assets not subject to depreciation	24,620	2,444,222	2,468,842	-
Assets subject to depreciation	35,559,123	18,163,407	53,722,530	2,386,365
Total noncurrent assets	36,550,862	21,692,191	58,243,053	2,386,365
Total assets	40,232,730	29,483,959	69,716,689	2,386,365
LIABILITIES				
Current liabilities:				
Accounts payable	155,638	710,965	866,603	-
Accrued and other liabilities	149,205	220,949	370,154	-
Unearned revenue	-	199,260	199,260	-
Current portion of long-term debt	1,005,000	80,249	1,085,249	-
Total current liabilities	1,309,843	1,211,423	2,521,266	-
Noncurrent liabilities				
Advances from other funds	-	-	-	1,906,526
Long-term debt	11,635,000	1,707,749	13,342,749	-
Total noncurrent liabilities	11,635,000	1,707,749	13,342,749	1,906,526
Total liabilities	12,944,843	2,919,172	15,864,015	1,906,526
NET POSITION				
Invested in capital assets - Net of related debt	22,943,743	18,819,631	41,763,374	2,386,365
Unrestricted	4,344,144	7,745,156	12,089,300	(1,906,526)
Total net position	\$ 27,287,887	\$ 26,564,787	\$ 53,852,674	\$ 479,839

CHARTER TOWNSHIP OF INDEPENDENCE
Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position
Year Ended December 31, 2013

	<u>Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>Activities</u> <u>Proprietary</u> <u>Internal Service</u> <u>Fund</u>
Operating Revenue				
Customer usage	\$ 2,651,987	\$ 3,352,164	\$ 6,004,151	\$ -
Meters and installation charges	213,825	-	213,825	-
Other services and charges	192,391	445,675	638,066	-
Rental income	-	-	-	302,995
Total operating revenue	3,058,203	3,797,839	6,856,042	302,995
Operating Expenses				
Cost of sewage treatment	-	2,477,252	2,477,252	-
Personal services	686,274	734,478	1,420,752	-
Supplies	66,940	188,343	255,283	-
Other services and charges	874,631	348,974	1,223,605	-
Depreciation	1,249,846	1,074,458	2,324,304	68,182
Total operating expenses	2,877,691	4,823,505	7,701,196	68,182
Operating Income (Loss)	180,512	(1,025,666)	(845,154)	234,813
Nonoperating Revenue (Expense)				
Investment income	14,754	21,552	36,306	-
Interest expense	(321,345)	(38,830)	(360,175)	(105,215)
Total nonoperating (expense) revenue	(306,591)	(17,278)	(323,869)	(105,215)
Income (Loss) - Before contributions	(126,079)	(1,042,944)	(1,169,023)	129,598
Capital Contributions -				
Capital charge/tap-in fees	383,357	596,022	979,379	-
Change in Net Position	257,278	(446,922)	(189,644)	129,598
Net Position - Beginning of year	27,030,609	27,011,709	54,042,318	350,241
Net Position - End of year	<u>\$ 27,287,887</u>	<u>\$ 26,564,787</u>	<u>\$ 53,852,674</u>	<u>\$ 479,839</u>

CHARTER TOWNSHIP OF INDEPENDENCE

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

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,127,435	\$ 3,816,630	\$6,944,065	\$ 302,995
Payments to suppliers	(892,189)	(2,854,898)	(3,747,087)	-
Payments to employees	(700,658)	(774,711)	(1,475,369)	-
Net cash provided by operating activities	1,534,588	187,021	1,721,609	302,995
Cash Flows from Noncapital Financing Activities				
Repayments of loans made to other funds	100,659	97,121	197,780	-
Repayments of loans from other funds	-	-	-	(197,780)
Net cash provided by (used in) noncapital financing activities	100,659	97,121	197,780	(197,780)
Cash Flows from Capital and Related Financing Activities				
Special assessment collections	59,485	(6,224)	53,261	-
Capital charges and tap-in fees	383,357	795,283	1,178,640	-
Purchase of capital assets	(209,768)	(87,223)	(296,991)	-
Proceeds from sale of fixed assets	3,238	-	3,238	-
Principal and interest paid on capital debt	(1,297,280)	(83,527)	(1,380,807)	(105,215)
Net cash provided by (used in) capital and related financing activities	(1,060,968)	618,309	(442,659)	(105,215)
Cash Flows from Investment Activities				
Interest received on investments	15,850	23,643	39,493	-
Net Increase in Cash and Cash Equivalents	590,129	926,094	1,516,223	-
Cash and Cash Equivalents - Beginning of year	2,366,950	5,793,404	8,160,354	-
Cash and Cash Equivalents - End of year	<u>\$ 2,957,079</u>	<u>\$ 6,719,498</u>	<u>\$ 9,676,577</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 180,512	\$ (1,025,666)	\$ (845,154)	\$ 234,813
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization	1,249,846	1,074,458	2,324,304	68,182
Gain on sale of fixed assets	(3,238)	-	(3,238)	-
Changes in assets and liabilities:				
Receivables	72,470	18,791	91,261	-
Other postemployment benefits	(11,186)	(53,568)	(64,754)	-
Prepaid assets	(9,404)	(11,672)	(21,076)	-
Accounts payable	49,382	159,671	209,053	-
Accrued and other liabilities	6,206	25,007	31,213	-
Net cash provided by operating activities	<u>\$ 1,534,588</u>	<u>\$ 187,021</u>	<u>\$ 1,721,609</u>	<u>\$ 302,995</u>

Noncash Investing, Capital and Financing Activities - During the year ended December 31, 2013, the Sewer Fund recorded debt draw-downs totaling, \$558,838. The Sewer Fund also spent \$558,938 for construction related to the new Oakland-Macomb Interceptor Drain Drainage District project. This activity is all considered noncash since it is administered by the Oakland-Macomb Interceptor Drain Drainage District.

CHARTER TOWNSHIP OF INDEPENDENCE
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
December 31, 2013

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,837,637
Receivables	<u>20,301</u>
Total assets	<u>\$ 1,857,938</u>
Liabilities	
Due to other governmental units	\$ 904,178
Accrued liabilities and other	11,448
Cash bonds and deposits	<u>942,312</u>
Total liabilities	<u>\$ 1,857,938</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Component Units Statement of Net Position December 31, 2013

	Component Units		
	Sashabaw Road Corridor Improvement Authority	Clarkston Independence District Library	Total
ASSETS			
Cash and cash equivalents	\$ 438,698	\$ 558,301	\$ 996,999
Receivables - Net:			
Other receivables	1,169	3,383	4,552
Due from other governmental units	-	806,781	806,781
Prepays	-	22,816	22,816
Assets not subject to depreciation	-	3,625	3,625
Assets subject to depreciation	-	1,268,208	1,268,208
Total assets	<u>\$ 439,867</u>	<u>\$ 2,663,114</u>	<u>\$ 3,102,981</u>
LIABILITIES			
Accounts payable	\$ 147,657	\$ 12,746	\$ 160,403
Accrued and other liabilities	6,940	28,213	35,153
Property taxes	27,094	-	27,094
Total liabilities	<u>181,691</u>	<u>40,959</u>	<u>222,650</u>
Deferred inflows of resources	<u>17,189</u>	<u>918,579</u>	<u>935,768</u>
NET POSITION			
Restricted - library	-	1,271,833	1,271,833
Unrestricted	<u>240,987</u>	<u>431,743</u>	<u>672,730</u>
Total net position	<u>\$ 240,987</u>	<u>\$ 1,703,576</u>	<u>\$ 1,944,563</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Component Units
Statement of Activities
December 31, 2013

	Component Units		
	Sashabaw Road Corridor Improvement Authority	Clarkston Independence District Library	Total
General Revenues			
Property taxes	\$ -	\$ 924,003	\$ 924,003
Contributions	100,000	-	100,000
Reimbursements	44,000	-	44,000
Investment income	454	2,562	3,016
Program revenues	-	72,958	72,958
Other miscellaneous income	-	27,066	27,066
	<u>144,454</u>	<u>1,026,589</u>	<u>1,171,043</u>
Expenses	<u>250,015</u>	<u>1,056,478</u>	<u>1,306,493</u>
Change in Net Position	<u>(105,561)</u>	<u>(29,889)</u>	<u>(135,450)</u>
Net Position - Beginning of year	346,548	299,200	645,748
Transfer from Library Fund	<u>-</u>	<u>1,434,265</u>	<u>1,434,265</u>
Net Position - End of year	<u>\$ 240,987</u>	<u>\$ 1,703,576</u>	<u>\$ 1,944,563</u>

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Charter Township of Independence is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The discretely presented component units are reported in total in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township (see discussion below for description).

Discretely Presented Component Units

The Sashabaw Road Corridor Improvement Authority (the "CIA") was created to enhance existing business districts and promote economic development efforts within these districts. One of the features of the CIA is the ability to fund improvements through tax increment financing. The CIA has focused its attention on identifying those public improvements that are needed in the development area and which, if provided, will result in the enhancement of existing business activity and stimulation of new private investment that is in keeping with the policies of Independence Township.

In August 2012, the Library became its own authority and is now reported as a discretely presented component unit of the Township. The Township collects the dedicated millage and transfers it to the Library. Once the Library is able to get their own separate millage, they will no longer be presented in the Township's financial statements.

Government-wide and Fund Financial Statements

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

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenues and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow of resources."

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

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Township reports the following major governmental funds:

The General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. General Fund activities are financed by revenues from general property taxes, state-shared revenue, and other sources.

Police Millage Fund - The Police Millage Fund accounts for all financial resources of public safety. Activities are financed through a dedicated millage and other sources.

Fire Millage Fund - The Fire Millage Fund accounts for all financial resources of the fire department. Activities are financed through a dedicated millage and other sources.

Safety Paths Millage Fund - The Safety Paths Millage Fund accounts for finances related to the construction and maintenance of sidewalks and pathways. Activities are funded through a dedicated millage and other sources.

The Township reports the following major proprietary funds:

Water and Sewer Funds - The Water and Sewer Funds are used to account for the provision of water and sewer services to the residents of the Township financed primarily by user charges. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, billings, and collections.

Additionally, the Township reports the following internal service and fiduciary activities:

Internal Service Fund - The Internal Service Fund accounts for the purchase of the new Township hall.

Agency Funds - The Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the Township's policy is to first apply restricted resources, except in the Police Millage Fund, Fire Millage Fund, Library Fund, and Safety Paths Fund. In these funds, the Township's policy is to first apply unrestricted resources.

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

Property Tax Revenue

Property taxes are assessed as of December 31. The related property taxes become a lien on December 1 of the following year and are due February 14 with the final collection date of February 28 before they are added to the county tax roll.

Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred inflows of resources in each respective fund at December 31. After December 31, 2013, additional Michigan Tax Tribunal cases of approximately \$3 million were filed resulting in a possible additional liability of approximately \$20,000 spread across the various funds that are supported by a millage.

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property Tax Revenue (Continued)

The 2013 taxable valuation of the Township totaled \$1.329 billion. Taxes were levied and the resulting revenue by fund was as follows:

	Millage Rate	Revenue
	<u> </u>	<u> </u>
Operating millage (General Fund)	1.0193	\$ 1,386,780
Special Revenue Funds:		
Fire millage - Operations and advanced life support	3.5188	4,756,072
Library operating	0.6910	-
Police millage - Operations	2.9500	3,885,727
Safety paths millage - Construction	0.3023	263,586
	<u> </u>	<u> </u>
Total	<u>8.4814</u>	<u>\$ 10,292,165</u>

Assets, Liabilities, and Net Position or Fund Balance

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, based on quoted market prices.

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

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

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Land improvements	15 to 20 years
Safety paths	20 years
Buildings and building improvements	20 to 30 years
Library books	10 years
Machinery and equipment, including leased equipment	3 to 10 years
Office equipment	3 to 7 years
Vehicles	3 to 20 years
Infrastructure - Roads	30 years
Utility systems	40 years

Compensated Absences (Vacation and Sick Leave) – The Township’s policy is to permit employees to accumulate earned, but unused paid time off in accordance with the applicable employee contract, but vacation pay is paid out after 40 hours. A liability for these amounts is reported in governmental funds only for employee terminations as of yearend.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. The face amount of debt issued is reported as other financing sources in the governmental funds. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

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

When multiple classifications of fund balance are available, fund balance will be used first from the most restrictive category, in order, to the least restrictive, except in the Police Millage Fund, Fire Millage Fund, Library Fund, and Safety Paths Fund. In these funds, the Township's policy is to first apply unrestricted resources.

Use of Estimates

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

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Construction Code Fees

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

Cumulative shortfall at January 1, 2013			\$ (1,766,521)
Current year building permit revenue			604,807
Related expenses:			
Direct costs	\$ 560,677		
Estimated indirect costs	<u> -</u>	<u> -</u>	<u>560,677</u>
Current year surplus			<u>44,130</u>
Cumulative shortfall at December 31, 2013			<u><u>\$ (1,722,391)</u></u>

Fund Deficits

The Township has accumulated fund deficits in the following individual funds: the Community Development Block Grant Fund, the Library Fund, the Eastview/Westview Debt Service Fund, the Sashabaw Drain Capital Projects Fund, and the Townsend Capital Projects Fund. The deficits will be funded primarily by special assessment collections, recognition of unearned/unavailable revenue, and operating transfers from other funds.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The Township has designated 6 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in the state statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had bank deposits of \$8,663,191 (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

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

Investment	Fair Value	Weighted Average Maturity
U.S. agency securities	\$ 780,597	5.18 years
U.S. government securities	\$ 10,641,358	2.30 years
State of Michigan Kent County	\$ 1,000,000	0.25 years

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has an investment policy that further limits its investment choices. As of yearend, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Interlocal agreement fund	\$ 4,997,544	Not rated	N/A
State of Michigan Kent County	\$ 1,000,000	SP-1+	S&P
U.S. agency securities	\$ 780,597	AAA	Moody's
U.S. government securities	\$ 10,641,358	AAA	Moody's

Concentration of Credit Risk

The Township's investment policy limits the amount that may be invested in a single issuer to no more than 10 percent of the market value of the portfolio with the exception of U.S. Treasury or U.S. agency obligations. As of December 31, 2013, the Township had no more than 5 percent of its portfolio invested in a single issuer except for approximately \$1,200,000, 7.2 percent of the portfolio, invested in the Federal National Mortgage Association and approximately \$2,500,000, 14.7 percent of the portfolio, invested in the Federal Home Loan Mortgage Corporation.

Risks and Uncertainties

Due to the level of risk associated with certain investment securities, as described above, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets.

NOTE 4 - DEFINED CONTRIBUTION RETIREMENT PLAN

The Township provides a defined contribution pension plan to all of its full-time employees, excluding full-time employees of the fire department, who have elected to be covered under the Municipal Employees' Retirement System of Michigan (MERS). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township board, the Township contributes up to 10 percent of employees' gross earnings. In accordance with these requirements, the Township contributed approximately \$215,766 and the employee contributions were immaterial.

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities	Balance January 1, 2013	Additions	Disposals	Balance December 31, 2013
Capital assets not being depreciated:				
Land	\$ 1,153,326	\$ -	\$ 3,625	\$ 1,149,701
Development rights	1,000,000	-	-	1,000,000
Subtotal	<u>2,153,326</u>	<u>-</u>	<u>3,625</u>	<u>2,149,701</u>
Capital assets being depreciated:				
Building and improvements	11,812,140	160,697	2,458,220	9,514,617
Machinery and equipment	3,997,330	217,108	38,029	4,176,409
Vehicles	5,904,015	215,266	1,115,546	5,003,735
Office equipment	1,724,031	77,096	168,352	1,632,775
Land improvements	2,879,258	8,091	7,850	2,879,499
Infrastructure - Roads	990,412	-	-	990,412
Library books	3,296,216	-	3,296,216	-
Safety paths	8,188,219	-	-	8,188,219
Subtotal	<u>38,791,621</u>	<u>678,258</u>	<u>7,084,213</u>	<u>32,385,666</u>
Accumulated depreciation:				
Building and improvements	5,065,912	281,917	1,541,299	3,806,530
Machinery and equipment	3,690,439	183,513	36,844	3,837,108
Vehicles	3,006,702	239,182	1,028,380	2,217,504
Office furnishings	1,481,669	53,848	164,106	1,371,411
Land improvements	2,010,310	78,853	6,280	2,082,883
Infrastructure - Roads	231,103	33,017	-	264,120
Library books	2,789,498	-	2,789,498	-
Safety paths	5,953,170	230,449	-	6,183,619
Subtotal	<u>24,228,803</u>	<u>1,100,779</u>	<u>5,566,407</u>	<u>19,763,175</u>
Net capital assets being depreciated	<u>14,562,818</u>	<u>(422,521)</u>	<u>1,517,806</u>	<u>12,622,491</u>
Net capital assets	<u>\$ 16,716,144</u>	<u>\$ (422,521)</u>	<u>\$ 1,521,431</u>	<u>\$ 14,772,192</u>

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 – CAPITAL ASSETS (Continued)

Business-type Activities	Balance January 1, 2013	Additions	Disposals	Balance December 31, 2013
Capital assets not being depreciated:				
Land	\$ 34,873	\$ -	\$ -	\$ 34,873
Construction in progress	1,875,131	558,838	-	2,433,969
Subtotal	1,910,004	558,838	-	2,468,842
Capital assets being depreciated:				
Utility system	99,547,271	59,396	-	99,606,667
Buildings and improvement	1,158,174	-	-	1,158,174
Machinery and equipment	1,372,432	86,255	-	1,458,687
Vehicles	842,411	205,840	307,325	740,926
Office equipment	133,354	3,690	-	137,044
Land improvements	61,392	-	-	61,392
Subtotal	103,115,034	355,181	307,325	103,162,890
Accumulated depreciation:				
Utility system	44,207,129	2,215,913	-	46,423,042
Buildings and improvement	1,007,047	46,373	-	1,053,420
Machinery and equipment	1,305,986	4,190	12,687	1,297,489
Vehicles	714,807	53,983	236,450	532,340
Office equipment	130,224	3,845	-	134,069
Subtotal	47,365,193	2,324,304	249,137	49,440,360
Net capital assets being depreciated	55,749,841	(1,969,123)	58,188	53,722,530
Net capital assets	<u>\$ 57,659,845</u>	<u>\$ (1,410,285)</u>	<u>\$ 58,188</u>	<u>\$ 56,191,372</u>

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

Governmental Activities:	
General government	\$ 202,260
Public safety	428,531
Public works	36,504
Recreation and culture	433,484
Total governmental activities	<u>\$ 1,100,779</u>

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 – CAPITAL ASSETS (Continued)

Water	\$	1,249,846
Sewer		<u>1,074,458</u>
Total business-type activities	\$	<u><u>2,324,304</u></u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of Interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		

General Fund	Other governmental funds	\$ 11,508
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<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advances from/to Other Funds		

Water Fund	Internal Service Fund	\$ 934,425
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Sewer Fund	Internal Service Fund	\$ 972,101
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The advance from the Water and Sewer funds to the Internal Service Fund relates to a loan from the Water and Sewer Funds for the purchase of the Township hall.

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 1,119,160
Fire Fund	Capital projects fund	463,378
Capital Projects Fund	General fund	<u>342,314</u>
		<u><u>\$ 1,924,852</u></u>

The Township transferred funds from the General Fund to the Cable Television Fund to help cover operating expenses that are not covered by the charges for services. The Township transferred funds from the Fire Fund and General Fund to the Capital Projects Fund for the purchases of capital items.

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 – UNEARNED/UNAVAILABLE REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. All funds and governmental and business-type activities also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned/unavailable revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ -	\$ 10,284,953
Special assessment	165,589	-
Grants	2,125	-
Tap in fees	-	199,260
Charges for services	<u>17,972</u>	<u>-</u>
Total	<u>\$ 185,686</u>	<u>\$ 10,484,213</u>

In addition to the unearned/unavailable revenue shown above, the Corridor Improvement Authority has \$17,189 of unearned revenue related to property taxes at December 31, 2013.

NOTE 8 - LONG-TERM DEBT

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

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 8 - LONG-TERM DEBT (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Financing contract			\$ 101,266	\$ 72,400	\$ 19,884	\$ 153,782	\$ 44,740
Special assessment bonds							
Townsend Lake Bond Issue							
Series 1996-A:							
Amount of issue \$375,000	4.45% -						
Maturing through 2013	4.85%	\$ 30,000	30,000	-	30,000	-	-
Other long-term obligations -							
Accumulated employee benefits			321,429	-	48,126	273,303	35,000
Total governmental activities			<u>\$ 452,695</u>	<u>\$ 72,400</u>	<u>\$ 98,010</u>	<u>\$ 427,085</u>	<u>\$ 79,740</u>
Business-type Activities							
DEQ - Drinking Water Revolving Fund:							
Amount of issue \$18,625,000	2.215%	\$820,000 -	\$ 12,155,000	\$ -	\$ 895,000	\$ 11,260,000	\$ 915,000
Maturing through 2025		\$1,130,000					
Capital Improvement Bonds Series 2005-B:							
Amount of issue: \$2,000,000	3.90% -	\$85,000 -	1,465,000	-	85,000	1,380,000	90,000
Maturing through 2025	4.25%	\$145,000					
Oakland-Macomb Interceptor Drain Drainage District Drain Bond Series 2010 A:							
Amount issued: \$824,575	2.50%	\$32,128 -	764,170	28,277	33,045	759,402	33,836
Maturing through 2030		\$51,702					
Oakland-Macomb Interceptor Drain Drainage District Drain Bond Series 2010 B:							
Amount issued: \$211,867	2.50%	\$6,008 -	198,744	-	7,273	191,471	7,589
Maturing through 2030		\$16,443					
Oakland-Macomb Interceptor Drain Drainage District Drain Bond Series 2011 A:							
Amount issued: \$624,517							
net of \$366,666 not yet drawn							
Maturing through 2030	2.50%	\$38,824 -	306,564	317,953	-	624,517	38,824
Maturing through 2030		\$61,925					
Oakland-Macomb Interceptor Drain Drainage District Drain Bond Series 2013 A:							
Amount issued: \$212,608							
net of \$1,950,292 not yet drawn							
Maturing through 2034	2.50%	\$38,824 -	-	212,608	-	212,608	-
Maturing through 2034		\$61,925					
Total business-type activities			<u>\$ 14,889,478</u>	<u>\$ 558,838</u>	<u>\$ 1,020,318</u>	<u>\$ 14,427,998</u>	<u>\$ 1,085,249</u>

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 8 - LONG-TERM DEBT (Continued)

Debt Service Requirements

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 44,740	\$ -	\$ 44,740	\$ 1,085,249	\$ 391,292	\$ 1,476,541
2015	48,600	-	48,600	1,206,313	366,282	1,572,595
2016	60,442	-	60,442	1,235,375	338,659	1,574,034
2017	-	-	-	1,259,436	310,302	1,569,738
2018	-	-	-	1,505,972	281,310	1,787,282
2019-2023	-	-	-	6,926,251	946,274	7,872,525
2024-2028	-	-	-	2,572,179	261,551	2,833,730
2029-2033	-	-	-	824,520	80,294	904,814
2034-2037	-	-	-	129,661	2,593	132,254
Total	<u>\$ 153,782</u>	<u>\$ -</u>	<u>\$ 153,782</u>	<u>\$ 16,744,956</u>	<u>\$ 2,978,557</u>	<u>\$ 19,723,513</u>

County Contractual Obligations

During 2009, Macomb and Oakland counties jointly established the Oakland-Macomb Interceptor Drain -Drainage District (OMID), an inter-county drainage district, under Chapter 21 of the Drain Code. The OMID was created to acquire, operate, and maintain the Oakland-Macomb Interceptor (OMI); title to the OMI was transferred from the City of Detroit to the OMID as part of a settlement agreement with the City of Detroit reached in May 2009. The OMID apportioned the responsibility to pay the debt required to finance this project to the participating cities, townships, and villages located in the two counties.

Below is a table describing the amount that can be drawn on the OMID bonds, the amount drawn, and the amount remaining to be drawn as of December 31, 2013.

Bond Issuance	Total Amount to Draw	Total Amount Drawn	Remaining
OMID 2010A Bond	\$ 824,575	\$ 824,575	\$ -
OMID 2010B Bond	\$ 211,867	\$ 211,867	\$ -
OMID 2011A Bond	\$ 991,183	\$ 624,517	\$ 366,666
OMID 2013A Bond	\$ 2,162,900	\$ 212,608	\$ 1,950,292

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general liability and property, unemployment compensation, and employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan Description

The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers only full-time firefighters of the Township. The System provides retirement benefits, as well as death and disability benefits. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's collective bargaining units and requires a contribution from the employees of the Township.

Annual Pension Cost

For the year ended December 31, 2013, the Township's annual pension cost of \$215,280 for the plan was equal to the Township's required and actual contribution.

Actuarial Methods and Assumptions

The annual required contribution was determined as part of an actuarial valuation at December 31, 2010, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) 0 percent to 8.4 percent merit and longevity adjustments. Both (a) and (b) include an inflation component of 4.5 percent.

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

For calendar years 2010 through 2014, the wage inflations assumption is 1 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 26 years.

The assumptions used in the December 31, 2011 actuarial valuation mirrored those in the December 31, 2010 valuation, except as follows: (a) for calendar years 2011 through 2014, the wage inflation assumption is 1 percent, instead of 4.5 percent, and (b) the remaining amortization period remained 27 years.

Three-year Trend Information

	Year Ended December 31,		
	2011	2012	2013
Annual pension cost (APC)	\$ 227,569	\$ 220,944	\$ 215,280
Percentage of APC contributed	100%	100%	100%
	Actuarial Valuation as of December 31,		
	2010	2011	2012
Actuarial value of assets	\$ 5,800,075	\$ 6,391,120	\$ 6,855,093
Actuarial accrued liability (AAL) (entry age)	\$ 7,260,435	\$ 8,063,578	\$ 8,854,347
Unfunded AAL (UAAL)	\$ 1,460,360	\$ 1,672,458	\$ 1,999,254
Funded ratio	79.9%	79.3%	77.4%
Covered payroll	\$ 2,280,741	\$ 2,285,725	\$ 2,197,676
UAAL as a percentage of covered payroll	64.0%	73.2%	91.0%

NOTE 11 – POSTEMPLOYMENT BENEFITS

Plan Description

The Township provides retiree healthcare benefits to eligible employees and their spouses. This is an agent multiple employer defined benefit plan administered by the Municipal Employees' Retirement System of Michigan Health Funding Vehicle. The benefits are provided under collective bargaining agreements. As of December 31, 2013, the market value of assets held in the Health Funding Vehicle was \$5,340,809.

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy

The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the Township has made contributions to advance-fund these benefits, as determined by the Township through annual budget resolutions. AFSCME and nonunion employees are not required to make a contribution into the plan; however, all employees covered by the Independence Professional Fire Fighters Association (IAFF) labor agreement are required to contribute 1 percent of their base wage into this plan annually.

Funding Progress

For the year ended December 31, 2013, the Township has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2011. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

The total net OPEB asset of \$376,390 at the end of the year consists of a Business-type Activities asset of \$145,155 and a Governmental Activities asset of \$231,235.

Annual required contribution (recommended)		\$ 448,749
Interest on the prior year's net OPEB asset		<u>-</u>
Annual OPEB cost		448,749
Amounts contributed:		
Payments of current premiums	\$ 448,749	
Advance funding	<u>159,791</u>	<u>608,540</u>
Increase in net OPEB asset		159,791
OPEB asset - Beginning of year		<u>216,599</u>
OPEB asset - End of year		<u><u>\$ 376,390</u></u>

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year are as follows:

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Asset (Liability)</u>
12/31/2009	9/30/2005	\$ 486,206	84%	\$ 82,883
12/31/2010	12/31/2008	\$ 552,294	121%	\$ 199,457
12/31/2011	12/31/2008	\$ 568,120	63%	\$ (8,009)
12/31/2012	12/31/2011	\$ 448,749	150%	\$ 216,599
12/31/2013	12/31/2011	\$ 448,749	136%	\$ 376,390

The funding progress of the plan is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (Percent) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
9/30/2005	\$ -	\$ 4,772,934	\$ 4,772,934	-	\$ 4,960,617	96%
12/31/2008	\$ 1,906,147	\$ 7,536,207	\$ 5,630,060	25.3%	\$ 5,478,060	103%
12/31/2011	\$ 3,601,908	\$ 7,307,273	\$ 3,705,365	49.3%	\$ 4,659,233	80%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

In the December 31, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included (a) an 8 percent investment rate of return (net of administrative expenses), which is the rate of the expected long-term investment returns on plan assets and (b) an annual health care cost trend rate of 8.3 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. All rates included a 4.5 percent inflation assumption. The UAAL is being amortized on a level dollar normal cost basis. The remaining amortization period at December 31, 2011 was 26 years.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement 67, *Financial Reporting for Pension Plans* an amendment of GASB Statement No. 25 was issued to establish standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. The requirements of GASB 67 are effective for the Township's 2014 year end. The Township is currently evaluating the impact that GASB 67 may have on its financial statements.

GASB Statement 68, *Accounting and Financial Reporting for Pensions* an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The requirements of GASB 68 are effective for the Township's 2015 year end. The Township is currently evaluating the impact that GASB 68 may have on its financial statements.

GASB Statement 69, *Government Combinations and Disposals of Government Operations* was issued to improve accounting and financial reporting for US, State and local governments' combinations and disposals of government operations. The requirements of GASB 69 are effective for the Townships 2014 year end. The Township is currently evaluating the impact that GASB 69 may have on its financial statements.

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 13 – CONTINGENCIES AND COMMITMENTS

The Township is involved in legal actions and claims arising in the ordinary course of activities. Although the amount of the potential liability at December 31, 2013 with respect to the outcomes of these litigations cannot be ascertained, in the opinions of Township management, any resulting liability should not materially affect the financial position or results of future activities.

NOTE 14 – SUBSEQUENT EVENTS

The Township management has performed a review of events subsequent to the balance sheet date through August 5, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF INDEPENDENCE

Required Supplemental Information

Budgetary Comparison Schedule - General Fund (Excluding Parks
and Recreation Department)

Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,388,909	\$ 1,388,909	\$ 1,386,780	\$ (2,129)
Licenses and permits	188,500	659,000	725,460	66,460
State-shared revenue and grants	2,400,000	2,400,000	2,594,357	194,357
Charges for services	19,200	72,986	2,435	(70,551)
Fines and forfeitures	750	750	590.00	(160)
Interest and rentals	86,744	86,744	38,670	(48,074)
Other revenue	808,214	982,164	1,049,809	67,645
Total revenue	4,892,317	5,590,553	5,798,101	207,548
Expenditures				
Current				
Township board				
Township board	251,638	524,988	358,228	166,760
Supervisor	176,774	203,324	200,876	2,448
Data processing	34,400	34,400	28,171	6,229
Treasurer	357,756	324,761	324,216	545
Assessing	430,997	430,997	416,118	14,879
Board of review	6,625	6,625	(66,314)	72,939
Clerk	540,526	569,476	506,234	63,242
Elections	22,140	27,640	18,229	9,411
Buildings and grounds	15,000	-	-	-
Legal	135,000	135,000	164,506	(29,506)
Human resources	142,592	83,332	69,949	13,383
Township hall	497,663	533,126	503,005	30,121
Building	588,193	645,760	560,095	85,665
Public works	173,012	173,012	170,066	2,946
Cemetery	96,148	107,104	82,341	24,763
Total expenditures	3,468,464	3,799,545	3,335,720	463,825
Excess of Revenue Over Expenditures	1,423,853	1,791,008	2,462,381	671,373
Other Financing Sources (Uses)				
Proceeds from debt	-	-	36,134	36,134
Transfer in	1,185,751	1,250,611	342,314	(908,297)
Transfer out	(135,695)	(1,119,160)	(1,119,160)	-
Total other financing sources (uses)	1,050,056	131,451	(740,712)	(872,163)
Net Change in Fund Balance	2,473,909	1,922,459	1,721,669	(200,790)
Fund Balances - Beginning of year	5,633,488	5,633,488	5,633,488	-
Fund Balances - End of year	\$ 8,107,397	\$ 7,555,947	\$ 7,355,157	\$ (200,790)

CHARTER TOWNSHIP OF INDEPENDENCE

Required Supplemental Information

Budgetary Comparison Schedule - Major Special Revenue Funds -

Police Millage Fund

Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 3,901,042	\$ 3,901,042	\$ 3,885,727	\$ (15,315)
State-shared revenue and grants	23,000	23,000	24,498	1,498
Charges for services	390,000	401,520	386,358	(15,162)
Fines and forfeitures	80,000	89,000	122,053	33,053
Investment income	50,000	50,000	-	(50,000)
Total revenue	4,444,042	4,464,562	4,418,636	(45,926)
Expenditures - Current - Public safety	<u>4,260,253</u>	<u>4,360,523</u>	<u>4,255,048</u>	<u>105,475</u>
Net Change in Fund Balance	183,789	104,039	163,588	59,549
Fund Balances - Beginning of year	<u>1,202,528</u>	<u>1,202,528</u>	<u>1,202,528</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 1,386,317</u>	<u>\$ 1,306,567</u>	<u>\$ 1,366,116</u>	<u>\$ 59,549</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Required Supplemental Information

Budgetary Comparison Schedule - Major Special Revenue Funds -

Fire Millage Fund

Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 4,785,455	\$ 4,785,455	\$ 4,756,072	\$ (29,383)
Charges for services	665,693	665,693	838,793	173,100
Fines and forfeitures	2,000	2,000	1,768	(232)
Investment income	50,000	50,000	1,400	(48,600)
Other revenue	131,500	131,500	101,145	(30,355)
	<u>5,634,648</u>	<u>5,634,648</u>	<u>5,699,178</u>	<u>64,530</u>
Expenditures				
Current - Public safety	5,437,403	5,155,300	4,534,093	621,207
Capital outlay	40,000	34,000	216,866	(182,866)
	<u>5,477,403</u>	<u>5,189,300</u>	<u>4,750,959</u>	<u>438,341</u>
Other Financing Sources (Uses)				
Transfer in	-	12,085	-	(12,085)
Transfer out	(500,000)	(463,378)	(463,378)	-
	<u>(500,000)</u>	<u>(451,293)</u>	<u>(463,378)</u>	<u>(12,085)</u>
Net Change in Fund Balance	(342,755)	(5,945)	484,841	490,786
Fund Balances - Beginning of year	<u>2,013,527</u>	<u>2,013,527</u>	<u>2,013,527</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 1,670,772</u>	<u>\$ 2,007,582</u>	<u>\$ 2,498,368</u>	<u>\$ 490,786</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Required Supplemental Information

Budgetary Comparison Schedule - Major Special Revenue Funds -

Safety Paths Fund

Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 267,519	\$ 267,519	\$ 263,586	\$ (3,933)
Investment income	20,000	20,000	3,237	(16,763)
Other revenue	-	14,500	16,511	2,011
Total revenue	287,519	302,019	283,334	(18,685)
Expenditures - Current - Recreation and culture	<u>177,236</u>	<u>159,471</u>	<u>145,022</u>	<u>14,449</u>
Net Change in Fund Balance	110,283	142,548	138,312	(4,236)
Fund Balances - Beginning of year	<u>1,293,075</u>	<u>1,293,075</u>	<u>1,293,075</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 1,403,358</u>	<u>\$ 1,435,623</u>	<u>\$ 1,431,387</u>	<u>\$ (4,236)</u>

CHARTER TOWNSHIP OF INDEPENDENCE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
December 31, 2013

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Each Special Revenue Fund represents a separate department.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The General Fund, as presented in the basic financial statements, includes the Parks and Recreation Department. However, the Township Board adopts the Parks and Recreation Department budget separately from the General Fund budget. The reconciliation of the General Fund budgetary comparison schedule to the General Fund statement of revenue, expenditures, and changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
General Fund - Amounts per budget statement	\$ 5,798,101	\$ 3,335,720	\$ 7,355,157
Parks and recreation department	<u>1,101,240</u>	<u>2,163,697</u>	<u>(1,548,020)</u>
General Fund - Amounts per operating statement	<u>\$ 6,899,341</u>	<u>\$ 5,499,417</u>	<u>\$ 5,807,137</u>

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Charter Township of Independence incurred expenditures that were in excess of the amounts budgeted in the General Fund, as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Legal	\$ 135,000	\$ 164,506	\$ (29,506)

The above expenditure category was insignificantly over budget due to increased workers' compensation cases.

OTHER SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF INDEPENDENCE
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	<u>Various</u>	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>	<u>Library Fund</u>	<u>Capital Projects Funds</u>	
	<u>Special Assessments</u>	<u>Community Development Block Grant</u>	<u>Cable TV</u>	<u>Debt Service</u>	<u>Library</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	
Assets								
Cash and investments	\$ 1,102,434	\$ -	\$ 463,025	\$ 5,580	\$ -	\$ 1,195,322	\$ 2,766,361	
Receivables - Net:								
Special assessments and other	309,213	-	-	-	-	-	309,213	
Other receivables	-	12,958	62,045	15	-	3,334	78,352	
Assets held for resale	268,228	-	-	-	-	-	268,228	
	<u>\$ 1,679,875</u>	<u>\$ 12,958</u>	<u>\$ 525,070</u>	<u>\$ 5,595</u>	<u>\$ -</u>	<u>\$ 1,198,656</u>	<u>\$ 3,422,154</u>	
Liabilities and Fund Balance								
Liabilities								
Accounts payable	\$ -	\$ 1,450	\$ 1,975	\$ -	\$ -	\$ -	\$ 3,425	
Due to other funds	-	11,508	-	-	-	-	11,508	
Accrued and other liabilities:	-	-	5,288	-	-	-	5,288	
	<u>-</u>	<u>12,958</u>	<u>7,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,221</u>	
Total liabilities	-	12,958	7,263	-	-	-	20,221	
Deferred inflows of resources	165,588	2,125	-	-	15,060	-	182,773	
	<u>165,588</u>	<u>2,125</u>	<u>-</u>	<u>-</u>	<u>15,060</u>	<u>-</u>	<u>182,773</u>	
Fund Balances								
Restricted - capital projects	-	-	517,807	-	-	-	517,807	
Assigned								
Debt Service Funds	460,888	-	-	5,595	-	-	466,483	
Capital Projects Funds	1,054,120	-	-	-	-	1,198,656	2,252,776	
Unassigned	(721)	(2,125)	-	-	(15,060)	-	(17,906)	
	<u>1,514,287</u>	<u>(2,125)</u>	<u>517,807</u>	<u>5,595</u>	<u>(15,060)</u>	<u>1,198,656</u>	<u>3,219,160</u>	
Total fund balances	1,514,287	(2,125)	517,807	5,595	(15,060)	1,198,656	3,219,160	
	<u>\$ 1,679,875</u>	<u>\$ 12,958</u>	<u>\$ 525,070</u>	<u>\$ 5,595</u>	<u>\$ -</u>	<u>\$ 1,198,656</u>	<u>\$ 3,422,154</u>	
Total liabilities and fund balances	<u>\$ 1,679,875</u>	<u>\$ 12,958</u>	<u>\$ 525,070</u>	<u>\$ 5,595</u>	<u>\$ -</u>	<u>\$ 1,198,656</u>	<u>\$ 3,422,154</u>	

CHARTER TOWNSHIP OF INDEPENDENCE
Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances (Deficit)
Nonmajor Governmental Funds
December 31, 2013

	<u>Various</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Library Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Special Assessments</u>	<u>Community Development Block Grant</u>	<u>Cable TV</u>	<u>Debt Service</u>	<u>Library</u>	<u>Capital Projects</u>
Revenue						
Federal grants	\$ -	\$ 56,337	\$ -	\$ -	\$ -	\$ -
Interest and rentals	18,684	-	2,516	11	-	13,812
Other revenue:						
Special assessments	71,370	-	-	-	-	-
PEG fees	-	-	249,822	-	-	-
Other miscellaneous income	-	-	932	-	-	-
Total revenue	90,054	56,337	253,270	11	-	13,812
Expenditures - Current:						
Community and economic development	-	29,023	-	-	-	-
Recreation and culture	-	-	290,997	-	-	-
Capital Outlay	-	-	-	-	-	41,060
Debt service	30,728	-	-	-	-	-
Total expenditures	30,728	29,023	290,997	-	-	41,060
Other Financing Sources						
Transfers in	-	-	119,160	-	-	1,463,378
Transfers out	-	-	-	-	-	(342,314)
Total other financing sources	-	-	119,160	-	-	1,121,064
Net Change in Fund Balances	59,326	27,314	81,433	11	-	1,093,816
Fund Balances (Deficit) - Beginning of year	1,454,961	(29,439)	436,374	5,584	(15,060)	104,840
Fund Balances (Deficit) - End of year	\$ 1,514,287	\$ (2,125)	\$ 517,807	\$ 5,595	\$(15,060)	\$ 1,198,656

CHARTER TOWNSHIP OF INDEPENDENCE

Other Supplemental Information

Special Assessment Schedules

Consolidating Balance Sheet

December 31, 2013

	<u>Baycourt Capital Projects</u>	<u>Bowpointe Capital Projects</u>	<u>Bowpointe Debt Service</u>	<u>Curtis Lane Capital Projects</u>	<u>Cranberry Pointe Lights Capital Projects</u>
Assets					
Cash and cash equivalents	\$ 222,972	\$ 60,069	\$ 995	\$ 45,752	\$ 1,424
Receivables - Net:					
Special assessments	-	-	-	-	-
Property taxes and other	624	168	2	129	626
Assets held for resale	-	-	-	-	-
 Total assets	<u>\$ 223,596</u>	<u>\$ 60,237</u>	<u>\$ 997</u>	<u>\$ 45,881</u>	<u>\$ 2,050</u>
 Liabilities and Fund Balance (Deficit)					
Deferred inflows of resources	\$ -	\$ -	\$ 1	\$ -	\$ -
 Fund Balances (Deficit)					
Assigned:					
Debt service	-	-	996	-	-
Capital projects	223,596	60,237	-	45,881	2,050
Unassigned (deficit)	-	-	-	-	-
 Total fund balances (deficit)	<u>223,596</u>	<u>60,237</u>	<u>996</u>	<u>45,881</u>	<u>2,050</u>
 Total liabilities and fund balances (deficit)	<u>\$ 223,596</u>	<u>\$ 60,237</u>	<u>\$ 997</u>	<u>\$ 45,881</u>	<u>\$ 2,050</u>

<u>Deerwood Manors Capital Projects</u>	<u>Deerwood 8 and 9 Capital Projects</u>	<u>Deerwood Capital Projects</u>	<u>Eastview/ Westview Debt Service</u>	<u>Flemings Lake Capital Projects</u>	<u>Rohr Road Debt Service</u>	<u>Sashabaw Road Debt Service</u>	<u>Sashabaw Drain Capital Projects</u>
\$ 23,500	\$ 12,899	\$ 5,158	\$ (721)	\$ 312,432	\$ 15	\$ (56,126)	\$ (212,108)
-	-	-	-	47,914	-	-	-
66	36	15	-	878	-	-	-
-	-	-	-	-	-	56,126	212,102
<u>\$ 23,566</u>	<u>\$ 12,935</u>	<u>\$ 5,173</u>	<u>\$ (721)</u>	<u>\$ 361,224</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ (6)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	15	-	-
23,566	12,935	5,173	-	313,311	-	-	(6)
-	-	-	(721)	-	-	-	-
<u>23,566</u>	<u>12,935</u>	<u>5,173</u>	<u>(721)</u>	<u>313,311</u>	<u>15</u>	<u>-</u>	<u>(6)</u>
<u>\$ 23,566</u>	<u>\$ 12,935</u>	<u>\$ 5,173</u>	<u>\$ (721)</u>	<u>\$ 361,224</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ (6)</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Other Supplemental Information

Special Assessment Schedules

Consolidating Balance Sheet

December 31, 2013

	<u>Sashabaw Drain Debt Service</u>	<u>Silverman- Sashabaw Capital Projects</u>	<u>Silverman- Sashabaw II Capital Projects</u>	<u>Simler Drive Capital Projects</u>	<u>Thendara Road Debt Service</u>
Assets					
Cash and cash equivalents	\$ 322,834	\$ 49,900	\$ 12,685	\$ 155,904	\$ (50)
Receivables - Net:					
Special assessments	193,136	-	-	-	50
Property taxes and other	53,086	140	36	438	-
Assets held for resale	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 569,056</u>	<u>\$ 50,040</u>	<u>\$ 12,721</u>	<u>\$ 156,342</u>	<u>\$ -</u>
Liabilities and Fund Balance (Deficit)					
Deferred inflows of resources	<u>\$ 119,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances (Deficit)					
Assigned:					
Debt service	449,337	-	-	-	-
Capital projects	-	50,040	12,721	156,342	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>449,337</u>	<u>50,040</u>	<u>12,721</u>	<u>156,342</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances (deficit)	<u>\$ 569,056</u>	<u>\$ 50,040</u>	<u>\$ 12,721</u>	<u>\$ 156,342</u>	<u>\$ -</u>

<u>Townsend Capital Projects</u>	<u>Woodhull Capital Projects</u>	<u>Special Assessment Debt Service</u>	<u>Walters Lake Board Capital Projects</u>	<u>Total Special Assessments</u>
\$ (49,717)	\$ 44,521	\$ 10,503	\$ 139,593	\$ 1,102,434
-	-	-	-	241,100
(1)	126	37	11,707	68,113
-	-	-	-	268,228
<u>\$ (49,718)</u>	<u>\$ 44,647</u>	<u>\$ 10,540</u>	<u>\$ 151,300</u>	<u>\$ 1,679,875</u>
<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ (2,145)</u>	<u>\$ 165,588</u>
-	-	10,540	-	460,888
(49,718)	44,547	-	153,445	1,054,120
-	-	-	-	(721)
<u>(49,718)</u>	<u>44,547</u>	<u>10,540</u>	<u>153,445</u>	<u>1,514,287</u>
<u>\$ (49,718)</u>	<u>\$ 44,647</u>	<u>\$ 10,540</u>	<u>\$ 151,300</u>	<u>\$ 1,679,875</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Other Supplemental Information

Special Assessment Schedules

Consolidating Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit)

December 31, 2013

	<u>Baycourt Capital Projects</u>	<u>Bowpointe Capital Projects</u>	<u>Bowpointe Debt Service</u>	<u>Curtis Lane Capital Projects</u>	<u>Cranberry Pointe Lights Capital Projects</u>
Revenue					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	471	209	3	102	4
Total revenue	471	209	3	102	4
Expenditures - Debt service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of Revenue Over (Under) Expenditures	471	209	3	102	4
Fund Balances (Deficit) - Beginning of year	223,125	60,028	993	45,779	2,046
Fund Balances (Deficit) - End of year	<u>\$223,596</u>	<u>\$ 60,237</u>	<u>\$ 996</u>	<u>\$ 45,881</u>	<u>\$ 2,050</u>

<u>Deerwood Manors Capital Projects</u>	<u>Deerwood 8 and 9 Capital Projects</u>	<u>Deerwood Capital Projects</u>	<u>East view/ Westview Debt Service</u>	<u>Flemings Lake Capital Projects</u>	<u>Rohr Road Debt Service</u>	<u>Sasha Baw Road Debt Service</u>	<u>Sasha Baw Drain Capital Projects</u>
\$ - 50	\$ - 28	\$ - 11	\$ - -	\$ - 662	\$ - -	\$ - (255)	\$ - 72
50	28	11	-	662	-	(255)	72
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50	28	11	-	662	-	(255)	72
23,516	12,907	5,162	(721)	312,649	15	255	(78)
<u>\$ 23,566</u>	<u>\$ 12,935</u>	<u>\$ 5,173</u>	<u>\$ (721)</u>	<u>\$ 313,311</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ (6)</u>

CHARTER TOWNSHIP OF INDEPENDENCE

Other Supplemental Information

Special Assessment Schedules

Consolidating Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit)

December 31, 2013

	<u>Sashabaw Drain Debt Service</u>	<u>Silverman- Sashabaw Capital Projects</u>	<u>Silverman- Sashabaw II Capital Projects</u>	<u>Simler Drive Capital Projects</u>	<u>Thendara Road Debt Service</u>
Revenue					
Special assessments	\$ 50,232	\$ 36,534	\$ 2,145	\$ -	\$ -
Interest and rentals	13,792	2,887	28	329	-
Total revenue	64,024	39,421	2,173	329	-
Expenditures - Debt service	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of Revenue Over (Under) Expenditures	64,024	39,421	2,173	329	-
Fund Balances (Deficit) - Beginning of year	385,313	10,619	10,548	156,013	-
Fund Balances (Deficit) - End of year	<u>\$ 449,337</u>	<u>\$ 50,040</u>	<u>\$ 12,721</u>	<u>\$ 156,342</u>	<u>\$ -</u>

<u>Townsend Capital Projects</u>	<u>Woodhull Capital Projects</u>	<u>Special Assessment Debt Service</u>	<u>Walters Lake Board Capital Projects</u>	<u>Total Special Assessments</u>
\$ 2,361 124	\$ - 96	\$ - 19	\$ (19,902) 52	\$ 71,370 18,684
2,485	96	19	(19,850)	90,054
<u>30,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,728</u>
<u>30,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,728</u>
<u>(28,243)</u>	<u>96</u>	<u>19</u>	<u>(19,850)</u>	<u>59,326</u>
<u>(21,475)</u>	<u>44,451</u>	<u>10,521</u>	<u>173,295</u>	<u>1,454,961</u>
<u>\$ (49,718)</u>	<u>\$ 44,547</u>	<u>\$ 10,540</u>	<u>\$ 153,445</u>	<u>\$ 1,514,287</u>

CHARTER TOWNSHIP OF INDEPENDENCE

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

	Agency Funds		
	<u>Trust and Agency - Taxes</u>	<u>Trust and Agency</u>	<u>Total Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 904,178	\$ 933,459	\$ 1,837,637
Receivables	<u>-</u>	<u>20,301</u>	<u>20,301</u>
Total assets	<u>\$ 904,178</u>	<u>\$ 953,760</u>	<u>\$ 1,857,938</u>
Liabilities			
Due to other governmental units	\$ 904,178	\$ -	\$ 904,178
Accrued liabilities and other	-	11,448	11,448
Cash bonds and deposits	<u>-</u>	<u>942,312</u>	<u>942,312</u>
Total liabilities	<u>\$ 904,178</u>	<u>\$ 953,760</u>	<u>\$ 1,857,938</u>