

# **CHARTER TOWNSHIP OF INDEPENDENCE**

FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION

December 31, 2012

# 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 units, 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, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the 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 units, each major fund, and the aggregate remaining fund information of the Charter Township of Independence, as of December 31, 2012, 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 pages 3–7 and 42–47 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. 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.

As described in Note 14, the Township recorded a prior period adjustment during 2012 to correct a prior year overaccrual of interest income in the government-wide and several government fund balances and business type activities by \$121,488.

*UHY LLP*

Farmington Hills, Michigan  
August 7, 2013

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2012**

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, 2012. Please read it in conjunction with the Township's financial statements.

**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 longer-term view of the Township's finances. This longer-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.

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:

	2010	2011	2012	Change from Prior Year	
				Amount	Percent
<b>Assets</b>					
Non-capital assets	\$ 20,702,547	\$ 23,073,393	\$ 22,898,385	\$ (175,008)	(0.8)
Capital assets	17,387,076	16,308,045	16,716,144	408,099	2.5
Total assets	38,089,623	39,381,438	39,614,529	233,091	0.6
<b>Liabilities</b>					
Current liabilities	12,843,373	12,425,317	12,258,480	(166,837)	(1.3)
Long-term liabilities	458,511	550,783	452,695	(98,088)	(17.8)
Total liabilities	13,301,884	12,976,100	12,711,175	(264,925)	(2.0)
<b>Net Position</b>					
Invested in capital assets - Net of related debt	17,297,076	16,121,462	16,584,878	463,416	2.9
Restricted	7,017,657	6,684,955	5,617,037	(1,067,918)	(16.0)
Unrestricted	473,006	3,598,921	4,701,439	1,102,518	30.6
Total net position	\$ 24,787,739	\$ 26,405,338	\$ 26,903,354	\$ 498,016	1.9

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2012**

	2010	2011	2012	Change from Prior Year	
				Amount	Percent
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 2,921,241	\$ 3,037,966	\$ 2,529,274	\$ (508,692)	(16.7)
Operating grants and contributions	46,034	68,591	204,175	135,584	197.7
Capital grants and contributions	207,064	136,777	-	(136,777)	(100.0)
General revenue:					
Property taxes	11,086,414	11,483,329	10,652,679	(830,650)	(7.2)
State-shared revenue	2,096,806	2,517,188	2,528,796	11,608	0.5
Investment earnings	454,269	463,490	197,854	(265,636)	(57.3)
Franchise fees	708,035	748,548	762,996	14,448	1.9
Other miscellaneous income	431,002	485,153	1,250,830	765,677	157.8
Gain on the sale of capital assets	6,706	-	-	-	-
Total revenue	17,957,571	18,941,042	18,126,604	(814,438)	
<b>Program Expenses</b>					
General government	2,662,759	2,817,907	2,778,764	(39,143)	(1.4)
Public safety	9,712,966	10,047,571	9,855,728	(191,843)	(1.9)
Public works	694,386	525,663	419,539	(106,124)	(20.2)
Community and economic development	43,377	51,461	166,280	114,819	223.1
Recreation and culture	4,083,289	3,877,495	4,000,674	123,179	3.2
Interest on long-term debt	5,480	3,346	2,168	(1,178)	(35.2)
Total program expenses	17,202,257	17,323,443	17,223,153	(100,290)	(0.6)
<b>Change in Net Position</b>	<b>\$ 755,314</b>	<b>\$ 1,617,599</b>	<b>\$ 903,451</b>	<b>\$ (714,148)</b>	<b>(44.1)</b>

The Township's governmental revenue has decreased \$814,438 compared to 2011, primarily attributable to significant decreases in property taxes and investment revenue. The Township does not anticipate continuing decreases in the property tax revenue; however investment earnings are anticipated to decrease as previously purchased long term investments mature.

Expenses decreased by \$100,290 or 0.6 percent, from last fiscal year. The decrease is primarily attributable to decreases in the building related activities driven by the decrease in construction activity in the Township.

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2012**

**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:

	2010	2011	2012	Change from Prior Year	
				Amount	Percent
<b>Assets</b>					
Current assets	\$ 8,384,159	\$ 9,501,303	\$ 10,084,047	\$ 582,744	6.1
Capital assets	60,718,334	59,175,122	57,659,845	(1,515,277)	(2.6)
Other noncurrent assets	2,690,241	2,440,577	2,184,707	(255,870)	(10.5)
Total assets	71,792,734	71,117,002	69,928,599	(1,188,403)	(1.7)
<b>Liabilities</b>					
Current liabilities	1,708,242	1,988,589	2,017,121	28,532	1.4
Long-term liabilities	15,042,851	14,712,386	13,869,160	(843,226)	(5.7)
Total liabilities	16,751,093	16,700,975	15,886,281	(814,694)	(4.9)
<b>Net Position</b>					
Invested in capital assets -					
Net of related debt	44,887,593	43,575,457	42,770,367	(805,090)	(1.8)
Restricted	-	-	-	-	
Unrestricted	10,154,048	10,840,570	11,271,951	431,381	4.0
Total net position	\$ 55,041,641	\$ 54,416,027	\$ 54,042,318	\$ (373,709)	(0.7)

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2012**

	2010	2011	2012	Change from Prior Year	
				Amount	Percent
<b>Changes in Net Position</b>					
Operating revenue	\$ 6,081,819	\$ 6,198,094	\$ 6,858,409	\$ 660,315	10.7
Operating expenses - Before depreciation	<u>4,397,638</u>	<u>4,903,340</u>	<u>5,190,110</u>	<u>286,770</u>	5.8
<b>Operating Income (Loss) - Before depreciation</b>	1,684,181	1,294,754	1,668,299	373,545	28.9
<b>Depreciation Expense</b>	<u>2,523,662</u>	<u>2,346,347</u>	<u>2,347,468</u>	<u>1,121</u>	0.0
<b>Operating Loss</b>	(839,481)	(1,051,593)	(679,169)	372,424	(35.4)
<b>Nonoperating Revenue (Expense)</b>	(245,109)	(148,246)	(302,685)	(154,439)	104.2
<b>Capital Contributions</b>	<u>763,227</u>	<u>574,225</u>	<u>575,545</u>	<u>1,320</u>	0.2
<b>Change in Net Position</b>	<u>\$ (321,363)</u>	<u>\$ (625,614)</u>	<u>\$ (406,309)</u>	<u>\$ 219,305</u>	(35.1)

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 2012, operating revenue increased due to an adjustment to usage rates while expenses increased \$286,770 or 5.8 percent due to some maintenance projects previously deferred to later years.

**The Township's Funds**

Our analysis of the Township's major funds begins on page 12, 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 2012 include the General Fund, Police Millage Fund, Fire Millage Fund, Library Fund, and the Safety Paths Millage 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, 2012**

### **General Fund Budgetary Highlights**

Over the course of the year, Township administration and the Township board monitor and amend the budget to take into account unanticipated events that occur during the year. At year end, actual General Fund revenue was approximately \$201,691 higher than budget. Expenditures were approximately \$414,425 under budget.

### **Capital Asset and Debt Administration**

At the end of 2012, the Township had approximately \$74.3 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 \$1.2 million from 2011. This main component of this change is an increase in capital assets, the purchase of three new fire engines, and a decrease due to annual depreciation expense.

At December 31, 2012, the Township owed approximately \$14.8 million related to long-term bonds and contracts payable, compared to approximately \$15.7 million owed at December 31, 2011. The decrease is primarily due to bond payments in the business type activities of approximately \$1.0 million exceeding the additional drawdowns of \$177,092 on the Oakland Macomb Interceptor Drain Bonds. Additional drawdowns on the Oakland Macomb Interceptor Drain are anticipated in 2013.

### **Economic Factors and Next Year's Budget and Rates**

Independence Township (population 33,900) 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 this trend continues into the 2013 budget 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, 2012**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,161,640	\$ 8,160,354	\$ 25,321,994	\$ 832,497
Receivables - Net:				
Property taxes	5,468,966	-	5,468,966	34,934
Customers	-	1,545,497	1,545,497	-
Other receivables	189,280	29,627	218,907	1,456
Due from other governmental units	480,405	519	480,924	333,146
Special assessments and other receivables	869,333	348,050	1,217,383	-
Internal balances	(2,104,306)	2,104,306	-	-
Prepaid expenses	428,641	-	428,641	-
Assets held for resale	268,228	-	268,228	-
Net other postemployment benefits assets	136,198	80,401	216,599	-
Capital assets - Net				
Assets not subject to depreciation	2,153,326	1,910,004	4,063,330	-
Assets subject to depreciation	14,562,818	55,749,841	70,312,659	-
Total assets	<u>39,614,529</u>	<u>69,928,599</u>	<u>109,543,128</u>	<u>1,202,033</u>
<b>LIABILITIES</b>				
Accounts payable	682,107	657,548	1,339,655	25,657
Due to other governmental units	358,987	-	358,987	-
Accrued and other liabilities	412,074	339,255	751,329	72,935
Other current liabilities	25,437	-	25,437	-
Noncurrent liabilities				
Due within one year				
Compensated absences	35,000	-	35,000	-
Current portion of long-term debt	55,317	1,020,318	1,075,635	-
Due in more than one year				
Compensated absences	286,429	-	286,429	-
Long-term debt	75,949	13,869,160	13,945,109	-
Total liabilities	<u>1,931,300</u>	<u>15,886,281</u>	<u>17,817,581</u>	<u>98,592</u>
Deferred inflows of resources	10,779,875	-	10,779,875	442,630
<b>NET POSITION</b>				
Invested in capital assets	16,584,878	42,770,367	59,355,245	-
Restricted:				
Police and fire services	3,216,055	-	3,216,055	-
Library	-	-	-	314,263
Safety path millage	1,293,075	-	1,293,075	-
Cemetery permanent funds- Expendable	664,187	-	664,187	-
Public access studio capital projects	443,720	-	443,720	-
Unrestricted	4,701,439	11,271,951	15,973,390	346,548
Total net position	<u>\$ 26,903,354</u>	<u>\$ 54,042,318</u>	<u>\$ 80,945,672</u>	<u>\$ 660,811</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

## Statement of Activities

Year Ended December 31, 2012

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,778,764	\$ 276,361	\$ -	\$ -
Public safety	9,855,728	1,134,511	-	-
Public works	419,539	-	-	-
Community and economic development	166,280	-	177,225	-
Recreation and culture	4,000,674	1,118,402	26,950	-
Interest on long-term debt	2,168	-	-	-
Total governmental activities	<u>17,223,153</u>	<u>2,529,274</u>	<u>204,175</u>	<u>-</u>
Business-type activities				
Water Fund	3,385,006	3,145,473	-	160,161
Sewer Fund	4,524,147	3,712,936	-	415,384
Total business-type activities	<u>7,909,153</u>	<u>6,858,409</u>	<u>-</u>	<u>575,545</u>
Total primary government	<u>\$ 25,132,306</u>	<u>\$ 9,387,683</u>	<u>\$ 204,175</u>	<u>\$ 575,545</u>
Component units	<u>\$ 655,296</u>	<u>\$ 16,861</u>	<u>\$ 7,977</u>	<u>\$ -</u>

General revenues:  
 Property taxes  
 State-shared revenue  
 Investment income  
 Charges for services  
 Cable franchise fees  
 Other miscellaneous income  
 Total general revenues

### Change in Net Assets

Net Assets - Beginning of year

Prior period adjustment

Net Assets - Beginning of year,  
as restated

Transfer to Library Authority

Net Assets, as adjusted

Net Assets - End of year

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (2,502,403)	\$ -	\$ (2,502,403)	\$ -
(8,721,217)	-	(8,721,217)	-
(419,539)	-	(419,539)	-
10,945	-	10,945	-
(2,855,322)	-	(2,855,322)	-
(2,168)	-	(2,168)	-
<u>(14,489,704)</u>	<u>-</u>	<u>(14,489,704)</u>	<u>-</u>
-	(79,372)	(79,372)	-
-	(395,827)	(395,827)	-
-	(475,199)	(475,199)	-
<u>(14,489,704)</u>	<u>(475,199)</u>	<u>(14,964,903)</u>	<u>-</u>
-	-	-	(655,296)
10,652,679	-	10,652,679	71,585
2,528,796	-	2,528,796	7,977
197,854	68,890	266,744	4,816
-	-	-	16,861
762,996	-	762,996	-
1,250,830	-	1,250,830	473,790
<u>15,393,155</u>	<u>68,890</u>	<u>15,462,045</u>	<u>575,029</u>
903,451	(406,309)	497,142	(80,267)
26,405,338	54,416,027	80,821,365	489,731
<u>(154,088)</u>	<u>32,600</u>	<u>(121,488)</u>	<u>-</u>
26,251,250	54,448,627	80,699,877	489,731
<u>(251,347)</u>	<u>-</u>	<u>(251,347)</u>	<u>251,347</u>
25,999,903	54,448,627	80,448,530	741,078
<u>\$ 26,903,354</u>	<u>\$ 54,042,318</u>	<u>\$ 80,945,672</u>	<u>\$ 660,811</u>

**CHARTER TOWNSHIP OF INDEPENDENCE**

**Governmental Funds  
Balance Sheet  
December 31, 2012**

	<u>General Fund</u>	<u>Police Millage Fund</u>	<u>Fire Millage Fund</u>	<u>Library Fund</u>	<u>Safety Paths Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 5,483,406	\$ 3,621,804	\$ 4,705,637	\$ 393,216	\$ 1,432,349	\$ 1,525,228	\$ 17,161,640
Receivables - Net:							
Property taxes	728,248	1,873,727	2,298,546	435,499	128,469	-	5,464,489
Special assessments and other	456,476	-	-	-	-	412,857	869,333
Other receivables	2,365	8,223	21,828	1,162	4,923	150,779	189,280
Due from other governmental units	439,530	-	-	-	-	40,875	480,405
Due from other funds	107,621	-	-	-	-	-	107,621
Prepaid expenses and other assets	163,018	-	-	25,233	-	-	188,251
Assets held for resale	-	-	-	-	-	268,228	268,228
Total assets	<u>\$ 7,380,664</u>	<u>\$ 5,503,754</u>	<u>\$ 7,026,011</u>	<u>\$ 855,110</u>	<u>\$ 1,565,741</u>	<u>\$ 2,397,967</u>	<u>\$ 24,729,247</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 246,610	\$ 351,827	\$ 70,702	\$ 9,488	\$ 1,489	\$ 1,991	\$ 682,107
Due to other governmental units	25,840	-	-	333,147	-	-	358,987
Due to other funds	-	-	-	-	-	107,621	107,621
Accrued liabilities and other	180,316	40,918	178,353	2,031	4,948	5,274	411,840
Other current liabilities	-	25,437	-	-	-	-	25,437
Total liabilities	<u>452,766</u>	<u>418,182</u>	<u>249,055</u>	<u>344,666</u>	<u>6,437</u>	<u>114,886</u>	<u>1,585,992</u>
Deferred inflows of resources	<u>1,359,641</u>	<u>3,883,044</u>	<u>4,763,429</u>	<u>525,503</u>	<u>266,229</u>	<u>310,761</u>	<u>11,108,607</u>
<b>Fund Balances</b>							
Nonspendable-Prepays	157,412	-	-	-	-	-	157,412
Restricted							
Safety Paths	-	-	-	-	1,293,075	-	1,293,075
Police	-	1,202,528	-	-	-	-	1,202,528
Fire	-	-	2,013,527	-	-	-	2,013,527
Capital projects	-	-	-	-	-	443,720	443,720
Cemetery care	664,187	-	-	-	-	-	664,187
Assigned							
Debt Service Funds	-	-	-	-	-	402,681	402,681
Capital Projects Funds	-	-	-	-	-	1,163,425	1,163,425
Unassigned	<u>4,746,658</u>	<u>-</u>	<u>-</u>	<u>(15,059)</u>	<u>-</u>	<u>(37,506)</u>	<u>4,694,093</u>
Total fund balances	<u>5,568,257</u>	<u>1,202,528</u>	<u>2,013,527</u>	<u>(15,059)</u>	<u>1,293,075</u>	<u>1,972,320</u>	<u>12,034,648</u>
Total liabilities and fund balances	<u>\$ 7,380,664</u>	<u>\$ 5,503,754</u>	<u>\$ 7,026,011</u>	<u>\$ 855,110</u>	<u>\$ 1,565,741</u>	<u>\$ 2,397,967</u>	<u>\$ 24,729,247</u>

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**December 31, 2012**

<b>Fund Balance Reported in Governmental Funds</b>	\$ 12,034,648
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	14,261,597
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	328,732
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(131,266)
Accrued interest is not due and payable in the current period and is not reported in the funds	(234)
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	(321,429)
Other postemployment benefits are not financial resources and are not reported in the funds	136,198
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	4,477
Expenses are normally expensed when paid in the funds; the government-wide statements allocate prepaid expenses over future periods	240,390
Internal service funds are included as part of governmental activities	<u>350,241</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 26,903,354</u></u></b>

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Year Ended December 31, 2012**

	<b>General Fund</b>	<b>Police Millage Fund</b>	<b>Fire Millage Fund</b>	<b>Library Fund</b>	<b>Safety Paths Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Revenue</b>							
Property taxes	\$ 1,401,269	\$ 3,929,641	\$ 4,226,782	\$ 925,195	\$ 272,328	\$ -	\$ 10,755,215
Licenses and permits	500,871	-	-	-	-	-	500,871
Federal grants	-	-	-	-	-	177,225	177,225
State-shared revenue and grants	2,532,917	22,048	-	7,950	-	-	2,562,915
Charges for services	1,398,532	368,714	765,797	15,231	-	-	2,548,274
Fines and forfeitures	-	79,256	1,747	12,256	-	-	93,259
Interest and rentals	100,830	17,848	28,478	1,918	11,266	59,129	219,469
Other revenue	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	156,153	156,153
Cable franchise fees	544,997	-	-	-	-	217,999	762,996
Other miscellaneous income	577,230	-	93,995	18,780	3,509	462	693,976
<b>Total revenue</b>	<b>7,056,646</b>	<b>4,417,507</b>	<b>5,116,799</b>	<b>981,330</b>	<b>287,103</b>	<b>610,968</b>	<b>18,470,353</b>
<b>Expenditures</b>							
<b>Current</b>							
General government	2,828,526	-	-	-	-	-	2,828,526
Public safety	518,683	4,143,405	6,309,543	-	-	-	10,971,631
Public works	156,281	-	-	-	226,620	-	382,901
Community and economic development	-	-	-	-	-	166,280	166,280
Recreation and culture	2,317,380	-	-	967,047	-	376,292	3,660,719
Capital outlay	-	-	21,962	-	-	-	21,962
Debt service	-	-	-	-	-	32,168	32,168
<b>Total expenditures</b>	<b>5,820,870</b>	<b>4,143,405</b>	<b>6,331,505</b>	<b>967,047</b>	<b>226,620</b>	<b>574,740</b>	<b>18,064,187</b>
<b>Excess of Revenue Over Expenditures</b>	<b>1,235,776</b>	<b>274,102</b>	<b>(1,214,706)</b>	<b>14,283</b>	<b>60,483</b>	<b>36,228</b>	<b>406,166</b>
<b>Other Financing Sources (Uses)</b>							
Transfer in	-	-	-	-	-	93,482	93,482
Transfer out	(173,282)	-	-	-	-	-	(173,282)
<b>Total other financing sources (uses)</b>	<b>(173,282)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,482</b>	<b>(79,800)</b>
<b>Net Changes in Fund Balance</b>	<b>1,062,494</b>	<b>274,102</b>	<b>(1,214,706)</b>	<b>14,283</b>	<b>60,483</b>	<b>129,710</b>	<b>326,366</b>
<b>Fund Balances - Beginning of year</b>	<b>4,701,712</b>	<b>916,294</b>	<b>3,214,385</b>	<b>219,570</b>	<b>1,226,944</b>	<b>1,834,812</b>	<b>12,113,717</b>
<b>Prior period adjustment</b>	<b>(195,949)</b>	<b>12,132</b>	<b>13,848</b>	<b>2,435</b>	<b>5,648</b>	<b>7,798</b>	<b>(154,088)</b>
<b>Fund Balances - Beginning of year, as restated</b>	<b>4,505,763</b>	<b>928,426</b>	<b>3,228,233</b>	<b>222,005</b>	<b>1,232,592</b>	<b>1,842,610</b>	<b>11,959,629</b>
<b>Transfer to Library Authority</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(251,347)</b>	<b>-</b>	<b>-</b>	<b>(251,347)</b>
<b>Fund Balances (Deficit), as adjusted</b>	<b>4,505,763</b>	<b>928,426</b>	<b>3,228,233</b>	<b>(29,342)</b>	<b>1,232,592</b>	<b>1,842,610</b>	<b>11,708,282</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 5,568,257</b>	<b>\$ 1,202,528</b>	<b>\$ 2,013,527</b>	<b>\$ (15,059)</b>	<b>\$ 1,293,075</b>	<b>\$ 1,972,320</b>	<b>\$ 12,034,648</b>

## 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, 2012

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 326,366</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,882,233
Depreciation expense	(1,301,353)
Proceeds from sale of capital assets is revenue in the governmental funds; but not in the statement of activities.	(85,060)
Loss from sale of capital assets is not recorded in the governmental funds, but is recorded in the statement of activities	(19,540)
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	(243,133)
Delinquent personal property tax revenues are recorded in the government-wide statements based on estimated collectibility; they are not reported in the funds until collected	(15,556)
Expenses are normally expensed when paid in the funds; the government-wide statements allocate prepaid expenses over future periods	(4,807)
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	165,555
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	55,317
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	238
Decrease in accumulated employee sick and vacation pay, as well as estimated general liability claims, is recorded when earned in the statement of activities	13,414
Internal service funds are included as part of governmental activities	<u>129,777</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 903,451</u></b>



# CHARTER TOWNSHIP OF INDEPENDENCE

## Proprietary Funds Statement of Net Position December 31, 2012

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,366,950	\$ 5,793,404	\$ 8,160,354	\$ -
Receivables				
Special assessments and other	150,613	197,437	348,050	-
Customer usage	686,279	859,218	1,545,497	-
Other receivables	11,026	18,601	29,627	-
Due from other governmental units	519	-	519	-
Total current assets	3,215,387	6,868,660	10,084,047	-
Noncurrent assets				
Advances to other funds	1,035,084	1,069,222	2,104,306	-
Net other postemployment benefits asset	21,508	58,893	80,401	-
Capital assets:				
Assets not subject to depreciation	24,620	1,885,384	1,910,004	-
Assets subject to depreciation	36,599,200	19,150,641	55,749,841	2,454,547
Total noncurrent assets	37,680,412	22,164,140	59,844,552	2,454,547
Total assets	40,895,799	29,032,800	69,928,599	2,454,547
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	106,256	551,292	657,548	-
Accrued and other liabilities	138,934	200,321	339,255	-
Current portion of long-term debt	980,000	40,318	1,020,318	-
Total current liabilities	1,225,190	791,931	2,017,121	-
Noncurrent liabilities				
Advances from other funds	-	-	-	2,104,306
Long-term debt	12,640,000	1,229,160	13,869,160	-
Total noncurrent liabilities	12,640,000	1,229,160	13,869,160	2,104,306
Total liabilities	13,865,190	2,021,091	15,886,281	2,104,306
<b>NET POSITION</b>				
Invested in capital assets - Net of related debt	23,003,820	19,766,547	42,770,367	2,454,547
Unrestricted	4,026,789	7,245,162	11,271,951	(2,104,306)
Total net position	\$27,030,609	\$27,011,709	\$54,042,318	\$ 350,241

# CHARTER TOWNSHIP OF INDEPENDENCE

## Proprietary Funds

### Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2012

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service Fund
<b>Operating Revenue</b>				
Customer usage	\$ 2,803,930	\$ 3,385,641	\$ 6,189,571	\$ -
Meters and installation charges	172,142	-	172,142	-
Other services and charges	169,401	327,295	496,696	-
Rental income	-	-	-	313,072
Total operating revenue	3,145,473	3,712,936	6,858,409	313,072
<b>Operating Expenses</b>				
Cost of sewage treatment	-	2,166,946	2,166,946	-
Personal services	727,504	718,619	1,446,123	-
Supplies	56,560	183,171	239,731	-
Other services and charges	1,001,920	335,390	1,337,310	-
Depreciation	1,254,570	1,092,898	2,347,468	68,182
Total operating expenses	3,040,554	4,497,024	7,537,578	68,182
<b>Operating Income (Loss)</b>	104,919	(784,088)	(679,169)	244,890
<b>Nonoperating Revenue (Expense)</b>				
Investment income	24,930	43,960	68,890	-
Interest expense	(344,452)	(27,123)	(371,575)	(115,113)
Total nonoperating (expense) revenue	(319,522)	16,837	(302,685)	(115,113)
<b>(Loss) Income - Before contributions</b>	(214,603)	(767,251)	(981,854)	129,777
<b>Capital Contributions -</b>				
Capital charge/tap-in fees	160,161	415,384	575,545	-
<b>Change in Net Position</b>	(54,442)	(351,867)	(406,309)	129,777
<b>Net Position - Beginning of year</b>	27,074,390	27,341,637	54,416,027	220,464
<b>Prior period adjustment</b>	10,661	21,939	32,600	-
<b>Net Position - Beginning of year, as restated</b>	27,085,051	27,363,576	54,448,627	220,464
<b>Net Position - End of year</b>	<u>\$27,030,609</u>	<u>\$27,011,709</u>	<u>\$54,042,318</u>	<u>\$ 350,241</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

## Proprietary Funds

### Statement of Cash Flows

Year Ended December 31, 2012

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Proprietary Internal Service Fund
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 3,551,463	\$ 3,570,019	\$ 7,121,482	\$ 313,072
Payments to suppliers	(1,088,097)	(2,723,519)	(3,811,616)	-
Payments to employees	(715,629)	(723,451)	(1,439,080)	-
Net cash provided by operating activities	1,747,737	123,049	1,870,786	313,072
<b>Cash Flows from Noncapital Financing Activities</b>				
Repayments of loans made to other funds	106,329	91,630	197,959	-
Repayments of loans from other funds	-	-	-	(197,959)
Net cash provided by (used in) noncapital financing activities	106,329	91,630	197,959	(197,959)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Special assessment collections	(142,845)	(74,771)	(217,616)	-
Capital charges and tap-in fees	160,161	415,384	575,545	-
Purchase of capital assets	-	(538,135)	(538,135)	-
Principal and interest paid on capital debt	(1,304,297)	(66,414)	(1,370,711)	(115,113)
Net cash used in capital and related financing activities	(1,286,981)	(263,936)	(1,550,917)	(115,113)
<b>Cash Flows from Investment Activities</b>				
Interest received on investments	24,565	47,298	71,863	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	591,650	(1,959)	589,691	-
<b>Cash and Cash Equivalents - Beginning of year</b>	1,775,300	5,795,363	7,570,663	-
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 2,366,950</u>	<u>\$ 5,793,404</u>	<u>\$ 8,160,354</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 104,919	\$ (784,088)	\$ (679,169)	\$ 244,890
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization	1,254,570	1,092,898	2,347,468	68,182
Changes in assets and liabilities:				
Receivables	405,990	(142,917)	263,073	-
Other postemployment benefits	(10,834)	(48,219)	(59,053)	-
Accounts payable	(29,617)	(38,012)	(67,629)	-
Accrued and other liabilities	22,709	43,387	66,096	-
Net cash provided by operating activities	<u>\$ 1,747,737</u>	<u>\$ 123,049</u>	<u>\$ 1,870,786</u>	<u>\$ 313,072</u>

**Noncash Investing, Capital and Financing Activities** - During the year ended December 31, 2012, the Sewer Fund recorded debt draw-downs totaling, \$177,092. The Sewer Fund also spent \$177,092 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, 2012

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,575,297
Receivables	<u>19,971</u>
Total assets	<u><u>\$ 1,595,268</u></u>
<b>Liabilities</b>	
Due to other governmental units	\$ 655,046
Accrued liabilities and other	16,735
Cash bonds and deposits	<u>923,487</u>
Total liabilities	<u><u>\$ 1,595,268</u></u>

# CHARTER TOWNSHIP OF INDEPENDENCE

## Component Units

### Balance Sheet

December 31, 2012

	<b>Component Units</b>		
	<b>Sashabaw Road Corridor Improvement Authority</b>	<b>Library Authority</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 392,303	\$ 440,194	\$ 832,497
Receivables - Net:			
Property taxes	34,934	-	34,934
Other receivables	1,456	-	1,456
Due from other governmental units	-	333,146	333,146
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 428,693</u>	<u>\$ 773,340</u>	<u>\$ 1,202,033</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 12,944	\$ 12,713	\$ 25,657
Accrued and other liabilities	10,586	62,349	72,935
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>23,530</u>	<u>75,062</u>	<u>98,592</u>
Deferred inflows of resources	58,615	384,015	442,630
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET ASSETS</b>			
Restricted - library	-	314,263	314,263
Unrestricted	346,548	-	346,548
	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets	<u>\$ 346,548</u>	<u>\$ 314,263</u>	<u>\$ 660,811</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

## Component Units

### Statement of Revenue, Expenditures, and Changes in Fund Balances

December 31, 2012

	<b>Component Units</b>		
	<b>Sashabaw Road Corridor Improvement Authority</b>	<b>Library Authority</b>	<b>Total</b>
<b>General Revenues</b>			
Property taxes	\$ 71,585	\$ -	\$ 71,585
State-shared revenue	-	7,977	7,977
Investment income	3,024	1,792	4,816
Charges for services	-	16,861	16,861
Other miscellaneous income	-	473,790	473,790
	<u>74,609</u>	<u>500,420</u>	<u>575,029</u>
<b>Total revenue</b>			
	<u>217,792</u>	<u>437,504</u>	<u>655,296</u>
<b>Expenses</b>			
	<u>(143,183)</u>	<u>62,916</u>	<u>(80,267)</u>
<b>Change in Net Assets</b>			
	487,466	-	487,466
<b>Net Assets - Beginning of year</b>			
	<u>2,265</u>	<u>-</u>	<u>2,265</u>
<b>Prior period adjustment</b>			
	489,731	-	489,731
<b>Net Assets - Beginning of year, restated</b>			
	<u>-</u>	<u>251,347</u>	<u>251,347</u>
<b>Transfer from Library Fund</b>			
	<u>489,731</u>	<u>251,347</u>	<u>741,078</u>
<b>Net Assets, as adjusted</b>			
	<u>\$ 346,548</u>	<u>\$ 314,263</u>	<u>\$ 660,811</u>
<b>Net Assets - End of year</b>			

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**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, 2012**

**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, 2012**

**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.

**Library Fund** - The Library Fund accounts for all financial resources of the library. Activities are financed through a dedicated millage and other sources. During 2012, the operations of the Township's Library were transferred to an independent Library authority.

**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, 2012**

**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, 2012, additional Michigan Tax Tribunal cases of approximately \$20 million were filed resulting in a possible additional liability of approximately \$100,000 spread across the various funds that are supported by a millage.

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

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

**Property Tax Revenue** (Continued)

The 2012 taxable valuation of the Township totaled \$1.331 billion. Taxes were levied and the resulting revenue by fund was as follows:

	Millage Rate	Revenue
Operating millage (General Fund)	1.0193	\$ 1,401,269
Special Revenue Funds:		
Fire millage - Operations and advanced life support	3.6188	4,226,782
Library operating	0.6910	925,195
Police millage - Operations	2.9500	3,929,641
Safety paths millage - Construction	0.2023	272,328
Total	<u>8.4814</u>	<u>\$ 10,755,215</u>

**Assets, Liabilities, and Net Position or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. 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, 2012**

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

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. 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, 2012**

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

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

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

When multiple classifications of fund balance are available, fund balance will be used first from the most restrictive category, in order, to the least restrictive, 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, 2012**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Construction Code Fees**

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

Cumulative shortfall at January 1, 2012			\$ (1,809,100)
Current year building permit revenue			347,123
Related expenses:			
Direct costs	\$	304,544	
Estimated indirect costs		-	304,544
		<u>          </u>	<u>          </u>
Current year surplus			<u>42,579</u>
Cumulative shortfall at December 31, 2012			<u><u>\$ (1,766,521)</u></u>

**Fund Deficits**

The Township has accumulated fund deficits in the following individual funds: the Community Development Block Grant 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, 2012**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

The Township has designated 14 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 no bank deposits (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	\$ 2,776,783	1.74 years
U.S. agency pools	\$ 266,593	2.95 years
U.S. government securities	\$ 9,655,327	2.44 years

**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 year end, 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	\$ 2,961,898	Not rated	N/A
U.S. agency securities	\$ 2,776,783	AA+	S&P
U.S. agency pools	\$ 266,593	AA+	S&P

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**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, 2012, the Township had no more than 5 percent of its portfolio invested in a single issuer except for approximately \$1.3 million, 9.7 percent of the portfolio, invested in the Federal National Mortgage Association and approximately \$800,000, 5.7 percent of the portfolio, invested in the Federal Farm Credit Banks.

**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 \$263,000 and the employee contributions were immaterial.



**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE 5 – CAPITAL ASSETS**

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

<b>Governmental Activities</b>	Balance January 1, 2012	Additions	Disposals	Balance December 31, 2012
Capital assets not being depreciated:				
Land	\$ 1,153,326	\$ -	\$ -	\$ 1,153,326
Development rights	1,000,000	-	-	1,000,000
Subtotal	<u>2,153,326</u>	<u>-</u>	<u>-</u>	<u>2,153,326</u>
Capital assets being depreciated:				
Building and improvements	11,808,070	4,070	-	11,812,140
Machinery and equipment	3,672,435	324,895	-	3,997,330
Vehicles	4,740,641	1,523,447	360,073	5,904,015
Office equipment	1,756,979	-	32,948	1,724,031
Land improvements	2,879,258	-	-	2,879,258
Infrastructure - Roads	990,412	-	-	990,412
Library books	3,296,216	-	-	3,296,216
Safety paths	8,158,398	29,821	-	8,188,219
Subtotal	<u>37,302,409</u>	<u>1,882,233</u>	<u>393,021</u>	<u>38,791,621</u>
Accumulated depreciation:				
Building and improvements	4,702,224	363,688	-	5,065,912
Machinery and equipment	3,511,369	179,070	-	3,690,439
Vehicles	3,008,380	253,796	255,474	3,006,702
Office furnishings	1,461,239	53,378	32,948	1,481,669
Land improvements	1,920,984	89,326	-	2,010,310
Infrastructure - Roads	198,086	33,017	-	231,103
Library books	2,636,014	153,484	-	2,789,498
Safety paths	5,709,394	243,776	-	5,953,170
Subtotal	<u>23,147,690</u>	<u>1,369,535</u>	<u>288,422</u>	<u>24,228,803</u>
Net capital assets being depreciated	<u>14,154,719</u>	<u>512,698</u>	<u>104,599</u>	<u>14,562,818</u>
Net capital assets	<u>\$ 16,308,045</u>	<u>\$ 512,698</u>	<u>\$ 104,599</u>	<u>\$ 16,716,144</u>

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE 5 – CAPITAL ASSETS (Continued)**

<b>Business-type Activities</b>	Balance January 1, 2012	Additions	Disposals	Balance December 31, 2012
Capital assets not being depreciated:				
Land	\$ 34,873	\$ -	\$ -	\$ 34,873
Construction in progress	1,581,075	294,056	-	1,875,131
Subtotal	<u>1,615,948</u>	<u>294,056</u>	<u>-</u>	<u>1,910,004</u>
Capital assets being depreciated:				
Utility system	98,999,126	538,135	-	99,537,261
Buildings and improvements	1,158,174	-	-	1,158,174
Machinery and equipment	1,372,432	-	-	1,372,432
Vehicles	842,411	-	-	842,411
Office equipment	133,354	-	-	133,354
Land improvements	61,392	-	-	61,392
Subtotal	<u>102,566,889</u>	<u>538,135</u>	<u>-</u>	<u>103,105,024</u>
Accumulated depreciation:				
Utility system	41,968,571	2,228,548	-	44,197,119
Buildings and improvements	959,475	47,572	-	1,007,047
Machinery and equipment	1,285,387	20,599	-	1,305,986
Vehicles	666,565	48,242	-	714,807
Office equipment	127,717	2,507	-	130,224
Subtotal	<u>45,007,715</u>	<u>2,347,468</u>	<u>-</u>	<u>47,355,183</u>
Net capital assets being depreciated	<u>57,559,174</u>	<u>(1,809,333)</u>	<u>-</u>	<u>55,749,841</u>
Net capital assets	<u>\$ 59,175,122</u>	<u>\$ (1,515,277)</u>	<u>\$ -</u>	<u>\$ 57,659,845</u>

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE 5 – CAPITAL ASSETS (Continued)**

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

Governmental Activities:		
General government		\$ 198,109
Public safety		442,469
Public works		36,638
Public services		6,332
Recreation and culture		<u>685,987</u>
Total governmental activities		<u>\$ 1,369,535</u>
Business-type Activities:		
Water		\$ 1,254,571
Sewer		<u>1,092,897</u>
Total business-type activities		<u>\$ 2,347,468</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>
<b>Due to/from Other Funds</b>		
General Fund	Other governmental funds	\$ 107,621
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Advances from/to Other Funds</b>		
Water Fund	Internal Service Fund	\$ 1,035,084
Sewer Fund	Internal Service Fund	\$ 1,069,222

The advance from the Internal Service Fund to the Water and Sewer Funds relates to a loan from the Water and Sewer Funds for the purchase of the new Township hall.

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS** (Continued)

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	\$ 173,282

The Township transferred funds from the General Fund to the Cable Television Fund and the Library Fund to help cover operating expenses that are not covered by the charges for services.

**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	\$ -	\$ 10,779,875
Special assessment	258,691	-
Grants	52,070	-
Charges for services	17,971	-
Total	<u>\$ 328,732</u>	<u>\$ 10,779,875</u>

In addition to the unearned/unavailable revenue shown above, the Corridor Improvement Authority and Library Authority have \$58,615 and \$384,015 of unearned revenue related to property taxes at December 31, 2012, respectively.

**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, 2012**

**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
<b>Governmental Activities</b>							
Financing contract			\$ 126,583	\$ -	\$ 25,317	\$ 101,266	\$ 25,317
Special assessment bonds							
Townsend Lake Bond Issue							
Series 1996-A:							
Amount of issue \$375,000	4.45% -						
Maturing through 2013	4.85%	\$ 30,000	60,000	-	30,000	30,000	30,000
Other long-term obligations -							
Accumulated employee benefits			334,843	555,456	568,870	321,429	35,000
Total governmental activities			<u>\$ 521,426</u>	<u>\$ 555,456</u>	<u>\$ 624,187</u>	<u>\$ 452,695</u>	<u>\$ 90,317</u>
<b>Business-type Activities</b>							
DEQ - Drinking Water Revolving Fund:							
Amount of issue \$18,625,000		\$820,000 -					
Maturing through 2025	2.215%	\$1,130,000	\$ 13,035,000	\$ -	\$ 880,000	\$ 12,155,000	\$ 895,000
Capital Improvement Bonds Series 2005-B:							
Amount of issue: \$2,000,000	3.90% -	\$85,000 -					
Maturing through 2025	4.25%	\$145,000	1,550,000	-	85,000	1,465,000	85,000
Oakland-Macomb Interceptor Drain Drainage District Drain Bond Series 2010 B:							
Amount issued: \$211,867		\$6,008 -					
Maturing through 2030	2.50%	\$16,443	205,859	-	7,115	198,744	7,273
Oakland-Macomb Interceptor Drain Drainage District Drain Bond Series 2010 A:							
Amount issued: \$824,575 net of \$28,298 not yet drawn		\$32,128 -					
Maturing through 2030	2.50%	\$51,702	767,289	29,009	32,128	764,170	33,045
Oakland-Macomb Interceptor Drain Drainage District Drain Bond Series 2011 A:							
Amount issued: \$991,183 net of \$684,619 not yet drawn		\$38,824 -					
Maturing through 2030	2.50%	\$61,925	158,481	148,083	-	306,564	-
Total business-type activities			<u>\$ 15,716,629</u>	<u>\$ 177,092</u>	<u>\$ 1,004,243</u>	<u>\$ 14,889,478</u>	<u>\$ 1,020,318</u>

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**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
2013	\$ 55,316	\$ 728	\$ 56,044	\$ 1,020,318	\$ 371,376	\$ 1,391,694
2014	25,317	-	25,317	1,085,249	348,034	1,433,283
2015	25,317	-	25,317	1,117,327	323,024	1,440,351
2016	25,316	-	25,316	1,144,562	297,181	1,441,743
2017	-	-	-	1,166,797	270,640	1,437,437
2018-2022	-	-	-	6,235,724	932,760	7,168,484
2023-2027	-	-	-	3,236,218	235,406	3,471,624
2028-2031	-	-	-	534,255	44,076	578,331
2032-2036	-	-	-	61,945	1,548	63,493
Total	<u>\$ 131,266</u>	<u>\$ 728</u>	<u>\$ 131,994</u>	<u>\$ 15,602,395</u>	<u>\$ 2,824,045</u>	<u>\$ 18,426,440</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. As of December 31, 2012, the Township's portion of debt issued to date is \$796,298 for the Series 2010A Bonds, \$211,867 for the Series 2010B Bonds, and \$306,564 for Series 2011A. Series 2010B was fully issued at year end, while \$28,278 and \$684,619 remained to be issued on Series 2010A and Series 2011 A, respectively. The principal and interest payments above reflect the future payment amounts for the Township's share of the Series 2010A and Series 2011A OMID debt once they are fully issued.

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**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, 2012, the Township's annual pension cost of \$220,944 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, 2012**

**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 27 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,		
	2010	2011	2012
Annual pension cost (APC)	\$ 228,074	\$ 227,569	\$ 220,944
Percentage of APC contributed	100%	100%	100%

	Actuarial Valuation as of December 31,		
	2009	2010	2011
Actuarial value of assets	\$ 5,230,125	\$ 5,800,075	\$ 6,391,120
Actuarial accrued liability (AAL) (entry age)	\$ 6,794,098	\$ 7,260,435	\$ 8,063,578
Unfunded AAL (UAAL)	\$ 1,563,973	\$ 1,460,360	\$ 1,672,458
Funded ratio	76.9%	79.9%	79.3%
Covered payroll	\$ 2,289,689	\$ 2,280,741	\$ 2,285,725
UAAL as a percentage of covered payroll	68.3%	64.0%	73.2%

**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, 2012, the market value of assets held in the Health Funding Vehicle was \$4,690,891.



**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**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, 2012, 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:

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>224,608</u>	<u>673,357</u>
Increase in net OPEB asset		224,608
OPEB liability - Beginning of year		<u>(8,009)</u>
OPEB asset - End of year		<u><u>\$ 216,599</u></u>

The total net OPEB asset of \$216,599 at the end of the year consists of a Business-type Activities asset of \$80,401 and a Governmental Activities asset of \$136,198.

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**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

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, 2012**

**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 - ACCOUNTING AND REPORTING CHANGE**

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

The Township also early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 61, *The Financial Reporting Entity Omnibus* is an amendment to Statement 14 and Statement 34 that modifies certain requirements for the inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting components units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the Statement also clarifies the reporting of equity interests in legally separate organizations. The Township is currently evaluating the impact this standard will have on the financial statements when adopted, during the Township's 2013 fiscal year.

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)**

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.

**NOTE 14 – PRIOR PERIOD ADJUSTMENT**

In the current year the Township recorded a prior period adjustment of \$121,488 to reflect an overstatement of accrued interest income recorded in prior years. The adjustment consisted of a reduction in beginning net position for the government-wide activities and government fund balances of a negative \$154,088 and a positive adjustment for the business type activities of \$32,600.

## **REQUIRED SUPPLEMENTAL INFORMATION**

# CHARTER TOWNSHIP OF INDEPENDENCE

Required Supplemental Information

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

Year Ended December 31, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,388,034	\$ 1,388,034	\$ 1,401,269	\$ 13,235
Licenses and permits	199,500	425,760	500,871	75,111
State-shared revenue and grants	2,300,000	2,504,125	2,532,917	28,792
Charges for services	327,866	323,066	276,361	(46,705)
Fines and forfeitures	750	750	-	(750)
Interest and rentals	97,490	125,876	100,830	(25,046)
Other revenue	818,930	965,173	1,122,227	157,054
<b>Total revenue</b>	<b>5,132,570</b>	<b>5,732,784</b>	<b>5,934,475</b>	<b>201,691</b>
<b>Expenditures</b>				
Current				
Township board				
Township board	250,228	460,107	320,207	139,900
Supervisor	240,399	189,474	170,143	19,331
Data processing	97,949	112,994	97,824	15,170
Treasurer	357,070	357,473	337,355	20,118
Assessing	425,473	425,898	400,535	25,363
Board of review	6,625	6,625	5,185	1,440
Clerk	555,351	541,419	511,211	30,208
Elections	121,065	154,273	152,451	1,822
Buildings and grounds	89,854	-	(1,558)	1,558
Legal	165,000	165,000	117,377	47,623
Human resources	139,576	141,496	131,568	9,928
Township hall	490,130	551,860	518,704	33,156
Fringe benefits	-	-	(83)	83
Cemetery	123,093	123,420	67,607	55,813
<b>Total township board</b>	<b>3,061,813</b>	<b>3,230,039</b>	<b>2,828,526</b>	<b>401,513</b>
Public safety	428,188	514,776	518,683	(3,907)
Public works	167,500	173,100	156,281	16,819
<b>Total expenditures</b>	<b>3,657,501</b>	<b>3,917,915</b>	<b>3,503,490</b>	<b>414,425</b>
<b>Excess of Revenue Over Expenditures</b>	<b>1,475,069</b>	<b>1,814,869</b>	<b>2,430,985</b>	<b>616,116</b>
<b>Other Financing Sources (Uses)</b>				
Transfer in	(1,249,642)	(1,395,636)	(1,205,462)	(190,174)
Transfer out	(213,868)	(171,773)	(173,282)	1,509
<b>Total other financing sources (uses)</b>	<b>(1,463,510)</b>	<b>(1,567,409)</b>	<b>(1,378,744)</b>	<b>(188,665)</b>
<b>Net Change in Fund Balance</b>	<b>11,559</b>	<b>247,460</b>	<b>1,052,241</b>	<b>804,781</b>
<b>Fund Balances - Beginning of year, as restated</b>	<b>4,581,223</b>	<b>4,581,223</b>	<b>4,581,223</b>	<b>-</b>
<b>Fund Balances - End of year</b>	<b>\$ 4,592,782</b>	<b>\$ 4,828,683</b>	<b>\$ 5,633,464</b>	<b>\$ 804,781</b>

# CHARTER TOWNSHIP OF INDEPENDENCE

Required Supplemental Information

Budgetary Comparison Schedule - Major Special Revenue Funds -

Police Millage Fund

Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 3,948,145	\$ 3,948,145	\$ 3,929,641	\$ (18,504)
State-shared revenue and grants	23,000	23,000	22,048	(952)
Charges for services	395,000	406,500	368,714	(37,786)
Fines and forfeitures	80,000	80,984	79,256	(1,728)
Investment income	55,000	25,000	17,848	(7,152)
	<u>4,501,145</u>	<u>4,483,629</u>	<u>4,417,507</u>	<u>(66,122)</u>
<b>Expenditures - Current - Public safety</b>	<u>4,274,346</u>	<u>4,290,567</u>	<u>4,143,405</u>	<u>147,162</u>
<b>Net Change in Fund Balance</b>	226,799	193,062	274,102	81,040
<b>Fund Balances - Beginning of year, as restated</b>	<u>928,426</u>	<u>928,426</u>	<u>928,426</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u>\$ 1,155,225</u>	<u>\$ 1,121,488</u>	<u>\$ 1,202,528</u>	<u>\$ 81,040</u>

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds -**  
**Fire Millage Fund**  
**Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 4,240,976	\$ 4,240,976	\$ 4,226,782	\$ (14,194)
Charges for services	741,880	817,439	765,797	(51,642)
Fines and forfeitures	2,000	2,000	1,747	(253)
Investment income	80,000	30,000	28,478	(1,522)
Other revenue	1,500	91,500	93,995	2,495
	<u>5,066,356</u>	<u>5,181,915</u>	<u>5,116,799</u>	<u>(65,116)</u>
Total revenue				
<b>Expenditures</b>				
Current - Public safety	5,029,337	6,745,517	6,309,543	435,974
Capital outlay	10,000	22,000	21,962	38
	<u>5,039,337</u>	<u>6,767,517</u>	<u>6,331,505</u>	<u>436,012</u>
Total expenditures				
<b>Net Change in Fund Balance</b>	27,019	(1,585,602)	(1,214,706)	370,896
<b>Fund Balances - Beginning of year, as restated</b>	<u>3,228,233</u>	<u>3,228,233</u>	<u>3,228,233</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u>\$ 3,255,252</u>	<u>\$ 1,642,631</u>	<u>\$ 2,013,527</u>	<u>\$ 370,896</u>



# CHARTER TOWNSHIP OF INDEPENDENCE

Required Supplemental Information

Budgetary Comparison Schedule - Major Special Revenue Funds -

Library Millage Fund

Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 924,800	\$ 924,800	\$ 925,195	\$ 395
State-shared revenue and grants	10,500	10,500	7,950	(2,550)
Charges for services	34,500	34,500	15,231	(19,269)
Fines and forfeitures	58,000	58,000	12,256	(45,744)
Investment income	16,000	16,000	1,918	(14,082)
Other revenue	84,800	102,509	18,780	(83,729)
	<u>1,128,600</u>	<u>1,146,309</u>	<u>981,330</u>	<u>(164,979)</u>
<b>Expenditures</b>				
Current - Recreation and culture	<u>1,106,532</u>	<u>1,114,306</u>	<u>967,047</u>	<u>147,259</u>
<b>Net Change in Fund Balance</b>	22,068	32,003	14,283	(17,720)
<b>Fund Balances - Beginning of year, as restated</b>	222,005	222,005	222,005	-
<b>Transfer to Library Authority</b>	<u>-</u>	<u>-</u>	<u>(251,347)</u>	<u>(251,347)</u>
<b>Fund Balances - End of year</b>	<u>\$ 244,073</u>	<u>\$ 254,008</u>	<u>\$ (15,059)</u>	<u>\$ (269,067)</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

Required Supplemental Information

Budgetary Comparison Schedule - Major Special Revenue Funds -

Safety Paths Fund

Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 270,750	\$ 270,750	\$ 272,328	\$ 1,578
Investment income	29,500	11,500	11,266	(234)
Other revenue	-	1,574	3,509	1,935
Total revenue	300,250	283,824	287,103	3,279
<b>Expenditures - Current - Public safety</b>	<u>578,045</u>	<u>259,485</u>	<u>226,620</u>	<u>32,865</u>
<b>Net Change in Fund Balance</b>	(277,795)	24,339	60,483	36,144
<b>Fund Balances - Beginning of year, as restated</b>	<u>1,232,592</u>	<u>1,232,592</u>	<u>1,232,592</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u>\$ 954,797</u>	<u>\$ 1,256,931</u>	<u>\$ 1,293,075</u>	<u>\$ 36,144</u>

**CHARTER TOWNSHIP OF INDEPENDENCE**  
**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION**  
**December 31, 2012**

**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	\$ 5,934,475	\$ 3,503,490	\$ 5,633,464
Parks and recreation department	<u>1,122,171</u>	<u>2,317,380</u>	<u>(65,207)</u>
General Fund - Amounts per operating statement	<u><u>\$ 7,056,646</u></u>	<u><u>\$ 5,820,870</u></u>	<u><u>\$ 5,568,257</u></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>
Public Safety	\$ 514,776	\$ 518,683	\$ (3,907)

The above expenditure category was insignificantly over budget due to unforeseen expenses that were not included in the budget.

## **OTHER SUPPLEMENTAL INFORMATION**

# CHARTER TOWNSHIP OF INDEPENDENCE

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

	<u>Various</u>	<u>Special Revenue Funds</u>		<u>Debt Service Funds</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>Capital Projects</u>	
<b>Assets</b>						
Cash and investments	\$ 1,032,567	\$ -	\$ 382,642	\$ 5,563	\$ 104,456	\$ 1,525,228
Receivables - Net:						
Special assessments and other	412,857	-	-	-	-	412,857
Other receivables	-	89,377	60,997	21	384	150,779
Due from other governmental units	-	40,875	-	-	-	40,875
Assets held for resale	268,228	-	-	-	-	268,228
	<u>\$ 1,713,652</u>	<u>\$ 130,252</u>	<u>\$ 443,639</u>	<u>\$ 5,584</u>	<u>\$ 104,840</u>	<u>\$ 2,397,967</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 1,991	\$ -	\$ -	\$ 1,991
Due to other funds	-	107,621	-	-	-	107,621
Accrued and other liabilities:						
Accrued salaries and wages	-	-	2,965	-	-	2,965
Payroll taxes and withholdings	-	-	2,309	-	-	2,309
	<u>-</u>	<u>107,621</u>	<u>7,265</u>	<u>-</u>	<u>-</u>	<u>114,886</u>
Total liabilities	-	107,621	7,265	-	-	114,886
Deferred inflows of resources	258,691	52,070	-	-	-	310,761
<b>Fund Balances</b>						
Restricted - capital projects	-	-	443,720	-	-	443,720
Assigned						
Debt Service Funds	397,097	-	-	5,584	-	402,681
Capital Projects Funds	1,058,585	-	-	-	104,840	1,163,425
Unassigned	(721)	(29,439)	(7,346)	-	-	(37,506)
	<u>1,454,961</u>	<u>(29,439)</u>	<u>436,374</u>	<u>5,584</u>	<u>104,840</u>	<u>1,972,320</u>
Total fund balances	1,454,961	(29,439)	436,374	5,584	104,840	1,972,320
Total liabilities and fund balances	<u>\$ 1,713,652</u>	<u>\$ 130,252</u>	<u>\$ 443,639</u>	<u>\$ 5,584</u>	<u>\$ 104,840</u>	<u>\$ 2,397,967</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

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

	Various	Special Revenue Funds		Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	Special Assessments	Community Development Block Grant	Cable TV	Debt Service	Capital Projects	
<b>Revenue</b>						
Federal grants	\$ -	\$ 177,225	\$ -	\$ -	\$ -	\$ 177,225
Interest and rentals	54,174	-	4,035	47	873	59,129
Other revenue:						
Special assessments	156,153	-	-	-	-	156,153
PEG fees	-	-	217,999	-	-	217,999
Other miscellaneous income	-	-	462	-	-	462
Total revenue	<u>210,327</u>	<u>177,225</u>	<u>222,496</u>	<u>47</u>	<u>873</u>	<u>610,968</u>
<b>Expenditures - Current:</b>						
Community and economic development	-	166,280	-	-	-	166,280
Recreation and culture	-	-	376,292	-	-	376,292
Debt service	32,168	-	-	-	-	32,168
Total expenditures	<u>32,168</u>	<u>166,280</u>	<u>376,292</u>	<u>-</u>	<u>-</u>	<u>574,740</u>
<b>Other Financing Sources</b>						
Transfers in	-	-	93,482	-	-	93,482
Transfers out	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>93,482</u>	<u>-</u>	<u>-</u>	<u>93,482</u>
<b>Net Change in Fund Balances</b>	<u>178,159</u>	<u>10,945</u>	<u>(60,314)</u>	<u>47</u>	<u>873</u>	<u>129,710</u>
<b>Fund Balances (Deficit) - Beginning of year</b>	1,271,382	(40,384)	494,779	5,513	103,522	1,834,812
<b>Prior period adjustment</b>	5,420	-	1,909	24	445	7,798
<b>Fund Balances (Deficit) - Beginning of year, as restated</b>	<u>1,276,802</u>	<u>(40,384)</u>	<u>496,688</u>	<u>5,537</u>	<u>103,967</u>	<u>1,842,610</u>
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ 1,454,961</u>	<u>\$ (29,439)</u>	<u>\$ 436,374</u>	<u>\$ 5,584</u>	<u>\$ 104,840</u>	<u>\$ 1,972,320</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

Other Supplemental Information

Special Assessment Schedules

Balance Sheet

December 31, 2012

	<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>
<b>Assets</b>					
Cash and cash equivalents	\$ 222,309	\$ 59,890	\$ 990	\$ 45,612	\$ 1,419
Receivables - Net:					
Special assessments	-	-	-	-	-
Property taxes and other	816	138	3	167	627
Assets held for resale	-	-	-	-	-
	<u>\$ 223,125</u>	<u>\$ 60,028</u>	<u>\$ 993</u>	<u>\$ 45,779</u>	<u>\$ 2,046</u>
<b>Liabilities and Fund Balance (Deficit)</b>					
<b>Liabilities</b>					
Deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances (Deficit)</b>					
Assigned:					
Debt service	-	-	993	-	-
Capital projects	223,125	60,028	-	45,779	2,046
Unassigned (deficit)	-	-	-	-	-
	<u>223,125</u>	<u>60,028</u>	<u>993</u>	<u>45,779</u>	<u>2,046</u>
Total fund balances (deficit)	<u>223,125</u>	<u>60,028</u>	<u>993</u>	<u>45,779</u>	<u>2,046</u>
Total liabilities and fund balances (deficit)	<u>\$ 223,125</u>	<u>\$ 60,028</u>	<u>\$ 993</u>	<u>\$ 45,779</u>	<u>\$ 2,046</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>
\$ 23,430	\$ 12,859	\$ 5,143	\$ (721)	\$ 311,502	\$ 15	\$ (56,126)	\$ (212,108)
-	-	-	-	47,914	-	-	-
86	48	19	-	1,146	-	255	(72)
-	-	-	-	-	-	56,126	212,102
<u>\$ 23,516</u>	<u>\$ 12,907</u>	<u>\$ 5,162</u>	<u>\$ (721)</u>	<u>\$ 360,562</u>	<u>\$ 15</u>	<u>\$ 255</u>	<u>\$ (78)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	15	255	-
23,516	12,907	5,162	-	312,649	-	-	(78)
-	-	-	(721)	-	-	-	-
<u>23,516</u>	<u>12,907</u>	<u>5,162</u>	<u>(721)</u>	<u>312,649</u>	<u>15</u>	<u>255</u>	<u>(78)</u>
<u>\$ 23,516</u>	<u>\$ 12,907</u>	<u>\$ 5,162</u>	<u>\$ (721)</u>	<u>\$ 360,562</u>	<u>\$ 15</u>	<u>\$ 255</u>	<u>\$ (78)</u>



# CHARTER TOWNSHIP OF INDEPENDENCE

Other Supplemental Information

Special Assessment Schedules

Balance Sheet

December 31, 2012

	<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>
<b>Assets</b>					
Cash and cash equivalents	\$ 255,525	\$ 10,596	\$ 10,510	\$ 155,441	\$ (50)
Receivables - Net:					
Special assessments	247,055	39,284	-	-	50
Property taxes and other	51,640	23	2,183	572	-
Assets held for resale	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 554,220</u>	<u>\$ 49,903</u>	<u>\$ 12,693</u>	<u>\$ 156,013</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance (Deficit)</b>					
<b>Liabilities</b>					
Deferred inflows of resources	<u>\$ 168,907</u>	<u>\$ 39,284</u>	<u>\$ 2,145</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances (Deficit)</b>					
Assigned:					
Debt service	385,313	-	-	-	-
Capital projects	-	10,619	10,548	156,013	-
Unassigned (deficit)	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	<u>385,313</u>	<u>10,619</u>	<u>10,548</u>	<u>156,013</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances (deficit)	<u>\$ 554,220</u>	<u>\$ 49,903</u>	<u>\$ 12,693</u>	<u>\$ 156,013</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>
\$ (23,131)	\$ 44,388	\$ 10,482	\$ 154,592	\$ 1,032,567
-	-	-	-	334,303
4,141	164	39	16,559	78,554
-	-	-	-	268,228
<u>\$ (18,990)</u>	<u>\$ 44,552</u>	<u>\$ 10,521</u>	<u>\$ 171,151</u>	<u>\$ 1,713,652</u>
<u>\$ 2,485</u>	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ (2,144)</u>	<u>\$ 258,691</u>
-	-	10,521	-	397,097
(21,475)	44,451	-	173,295	1,058,585
-	-	-	-	(721)
<u>(21,475)</u>	<u>44,451</u>	<u>10,521</u>	<u>173,295</u>	<u>1,454,961</u>
<u>\$ (18,990)</u>	<u>\$ 44,552</u>	<u>\$ 10,521</u>	<u>\$ 171,151</u>	<u>\$ 1,713,652</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

Other Supplemental Information

Special Assessment Schedules

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

December 31, 2012

	<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>
<b>Revenue</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	<u>1,857</u>	<u>501</u>	<u>8</u>	<u>381</u>	<u>11</u>
Total revenue	1,857	501	8	381	11
<b>Expenditures - Debt service</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-	-	-
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>1,857</u>	<u>501</u>	<u>8</u>	<u>381</u>	<u>11</u>
<b>Fund Balances (Deficit) - Beginning of year</b>	220,321	59,354	981	45,204	2,029
<b>Prior period adjustment</b>	<u>947</u>	<u>173</u>	<u>4</u>	<u>194</u>	<u>6</u>
<b>Fund Balances (Deficit) - Beginning of year, as restated</b>	<u>221,268</u>	<u>59,527</u>	<u>985</u>	<u>45,398</u>	<u>2,035</u>
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ 223,125</u>	<u>\$ 60,028</u>	<u>\$ 993</u>	<u>\$ 45,779</u>	<u>\$ 2,046</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>
\$ - 195	\$ - 108	\$ - 42	\$ - -	\$ - 2,606	\$ - -	\$ - -	\$ - 103
195	108	42	-	2,606	-	-	103
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
195	108	42	-	2,606	-	-	103
23,221	12,744	5,098	(721)	308,716	15	-	(181)
100	55	22	-	1,327	-	255	-
23,321	12,799	5,120	(721)	310,043	15	255	(181)
<u>\$ 23,516</u>	<u>\$ 12,907</u>	<u>\$ 5,162</u>	<u>\$ (721)</u>	<u>\$ 312,649</u>	<u>\$ 15</u>	<u>\$ 255</u>	<u>\$ (78)</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

Other Supplemental Information

Special Assessment Schedules

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

December 31, 2012

	<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>
<b>Revenue</b>					
Special assessments	\$ 110,757	\$ 41,173	\$ 2,475	\$ -	\$ -
Interest and rentals	39,528	5,195	88	1,300	-
Total revenue	150,285	46,368	2,563	1,300	-
<b>Expenditures - Debt service</b>	-	-	-	-	-
Total expenditures	-	-	-	-	-
<b>Excess of Revenue Over (Under) Expenditures</b>	150,285	46,368	2,563	1,300	-
<b>Fund Balances (Deficit) - Beginning of year</b>	234,304	(35,749)	7,953	154,051	-
<b>Prior period adjustment</b>	724	-	32	662	-
<b>Fund Balances (Deficit) - Beginning of year, as restated</b>	235,028	(35,749)	7,985	154,713	-
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ 385,313</u>	<u>\$ 10,619</u>	<u>\$ 10,548</u>	<u>\$ 156,013</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>
\$ 9,406 593	\$ - 372	\$ - 87	\$ (7,658) 1,199	\$ 156,153 54,174
9,999	372	87	(6,459)	210,327
32,168	-	-	-	32,168
32,168	-	-	-	32,168
(22,169)	372	87	(6,459)	178,159
694	43,890	10,389	179,069	1,271,382
-	189	45	685	5,420
694	44,079	10,434	179,754	1,276,802
<u>\$ (21,475)</u>	<u>\$ 44,451</u>	<u>\$ 10,521</u>	<u>\$ 173,295</u>	<u>\$ 1,454,961</u>

# CHARTER TOWNSHIP OF INDEPENDENCE

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

	Agency Funds		
	<u>Trust and Agency - Taxes</u>	<u>Trust and Agency</u>	<u>Total Agency Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 655,046	\$ 920,251	\$ 1,575,297
Receivables	<u>-</u>	<u>19,971</u>	<u>19,971</u>
Total assets	<u>\$ 655,046</u>	<u>\$ 940,222</u>	<u>\$ 1,595,268</u>
<b>Liabilities</b>			
Due to other governmental units	\$ 655,046	\$ -	\$ 655,046
Accrued liabilities and other	-	16,735	16,735
Cash bonds and deposits	<u>-</u>	<u>923,487</u>	<u>923,487</u>
Total liabilities	<u>\$ 655,046</u>	<u>\$ 940,222</u>	<u>\$ 1,595,268</u>

# **CHARTER TOWNSHIP OF INDEPENDENCE**

REQUIRED COMMUNICATIONS  
REPORT TO THE TOWNSHIP BOARD

Year ended December 31, 2012



Board of Trustees  
Charter Township of Independence

Dear Board:

Auditing standards require that we communicate to the audit committee (or its equivalent) certain matters regarding our audit work. We have prepared the following summary of required communications for the information of the board of trustees. We will be pleased to discuss these matters further with the board, should the board so desire.

It has been a pleasure having the opportunity to be of service to you and the Charter Township of Independence, should you have any questions about these communications, this letter or other matters, please contact us at your convenience.

*UHY LLP*

Farmington Hills, Michigan  
August 7, 2013

## **CHARTER TOWNSHIP OF INDEPENDENCE REQUIRED COMMUNICATIONS**

### **1. The auditor's responsibility under U.S. Generally Accepted Auditing Standards**

*The auditor should communicate the level of responsibilities assumed for the internal control structure, illegal acts and other matters under generally accepted auditing standards.*

As stated in our engagement letter, dated January 10, 2013 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We confirm that our audit was conducted as planned and was designed to provide reasonable, but not absolute, assurance that any material misstatements in the financial statements would be detected.

### **2. Significant accounting policies**

*Management is responsible for the selection and use of appropriate accounting policies. The auditor should verify that the Board of Trustees is informed about the initial selection of and changes in significant accounting policies, as well as the methods used to account for significant unusual transactions.*

There were two new accounting pronouncements adopted in the current year, GASB 63 and 65. The remaining accounting policies were not changed during the year ended December 31, 2012.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus.

### **3. Management judgments and accounting estimates and our conclusions regarding the reasonableness of those estimates**

*The Board of Trustees should be informed about the process used by management in forming particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates. Accounting estimates are based on Management's knowledge and experience about past and current events and assumptions about future events.*

Certain amounts in the Company's financial statements require management to make estimates and assumptions. During the course of our audit work, we gain an understanding of the processes utilized by management in developing significant estimates, and evaluate the reasonableness of the estimates. The most sensitive estimates affecting the financial statements were related to the assumptions used by the Township related to other postretirement healthcare benefits, and potential liabilities resulting from property tax disputes being heard by the Michigan Tax Tribunal. (MTT)

We evaluated the key factors and assumptions used to develop the postretirement liability, as well as the Township's past experience in settled tribunal cases in

## **CHARTER TOWNSHIP OF INDEPENDENCE REQUIRED COMMUNICATIONS**

determining that the recorded liabilities are reasonable in relation to the financial statements taken as a whole.

### **4. Significant audit adjustments**

*All significant audit adjustments arising from the audit, whether or not recorded by the Township, should be communicated to the Board of Trustees.*

The attached schedule of adjusting journal entries has been properly recorded in the financial statements. There were no adjustments not posted as part of the audit process.

### **5. Other information in documents containing audited financial statements**

*The Board of Trustees should be informed as to the auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.*

Our responsibility with respect to information in a document does not extend beyond the financial information identified in our report. Therefore, we generally will not perform any procedures to corroborate other information contained in a document. However, we will read such information and consider whether it, or the manner of its presentation, is materially inconsistent with the financial statements. We are not aware of any such information included with the audited financial statements.

### **6. Disagreements with management**

*Disagreements with management, whether or not satisfactorily resolved, about matters that could be significant to the entity's financial statements or the auditor's report should be communicated to the Board of Trustees.*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **7. Consultation with other accountants about accounting and auditing matters**

*When the auditor is aware that management has consulted with other accountants about significant accounting or auditing matters, the auditor's views about the subject of the consultation should be communicated to the Board of Trustees.*

We are aware of any such consultations.

## **CHARTER TOWNSHIP OF INDEPENDENCE REQUIRED COMMUNICATIONS**

### **8. Major issues discussed with management in connection with the retention of our services**

*Any major issues that were discussed with management in connection with the auditor's initial or recurring retention should be communicated to the Board of Trustees.*

There were no such issues discussed with management prior to our appointment.

### **9. Difficulties encountered in performing the audit**

*Serious difficulties encountered in dealing with management that relate to the performance of the audit are required to be brought to the attention of the Board of Trustees.*

There were no such difficulties during our engagement.

### **10. Internal control issues noted and recommendations**

*Internal control issues and deficiencies should be brought to the attention of the Board of Trustees.*

In planning and performing our audit of the financial statements of Independence Township as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered Independence Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency in internal control, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

## **CHARTER TOWNSHIP OF INDEPENDENCE REQUIRED COMMUNICATIONS**

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not find any significant deficiencies during the course of our audit.

### **11. Management Representations**

We have requested certain representations from management that are included in the management representation letter date August 7, 2013.

Trial Balance: **2030 - GENERAL FUND TRIAL BALANCE**  
 Workpaper: **2030a - GENERAL FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 8</b>		<b>4106</b>		
To correct wire transfer				
101-000-084.700	Due From Pooled Cash Fund		15,890.00	
101-000-202.000	Accounts Payable			15,890.00
<b>Total</b>			<b><u>15,890.00</u></b>	<b><u>15,890.00</u></b>
<b>Adjusting Journal Entries JE # 9</b>		<b>4106</b>		
To correct wire tranfer				
208-000-084.700	Due From Pooled Cash Fund		7,004.00	
208-000-202.000	Accts Payable			7,004.00
<b>Total</b>			<b><u>7,004.00</u></b>	<b><u>7,004.00</u></b>
<b>Adjusting Journal Entries JE # 11</b>		<b>5105</b>		
To clean up A/P				
101-000-084.700	Due From Pooled Cash Fund		920.00	
101-000-202.000	Accounts Payable		29,497.00	
208-000-694.000	Misc Revenue		873.00	
101-000-694.000	Other Revenue			30,417.00
208-000-202.000	Accts Payable			873.00
<b>Total</b>			<b><u>31,290.00</u></b>	<b><u>31,290.00</u></b>
<b>Adjusting Journal Entries JE # 12</b>				
To clean up accrued payroll accounts				
101-000-084.700	Due From Pooled Cash Fund		11,147.00	
101-000-084.700	Due From Pooled Cash Fund		16,677.00	
101-000-231.091	People Union Dues		16.00	
208-000-084.700	Due From Pooled Cash Fund		115.00	
208-000-231.090	Pr Ded Pay-Union Dues		2,505.00	
101-000-084.700	Due From Pooled Cash Fund			16.00
101-000-231.010	Pr Ded Pay-Tax Shelter			16,677.00
101-000-231.090	Pr Ded Pay-Union Dues			11,147.00
208-000-084.700	Due From Pooled Cash Fund			2,505.00
208-000-231.010	Pr Ded Pay-Tax Shelter			115.00
<b>Total</b>			<b><u>30,460.00</u></b>	<b><u>30,460.00</u></b>
<b>Adjusting Journal Entries JE # 13</b>				
To correct posting of tax collections revenue				
101-000-642.253	Other - Treas		92,253.00	
101-000-651.253	Chg For Services Tax Collectio			92,253.00
<b>Total</b>			<b><u>92,253.00</u></b>	<b><u>92,253.00</u></b>

**Adjusting Journal Entries JE # 15**

To adjust non tax deferred revenue

101-000-339.001	Deferred Revenue-Non Tax	71,363.03	
101-000-403.001	Property Maint Special	6,541.00	
101-000-476.000	Non Business License	18.00	
101-000-480.000	Heating Permits	126.00	
101-000-664.700	Rent - Dte	30.00	
101-000-676.000	Reimbursement	1,750.00	
208-000-651.682	Senior Nutrition	2,500.00	
101-000-403.000	Property Tax		1,666.00
101-000-638.000	Charges To Village Of Clarksto		250.00
101-000-694.000	Other Revenue		77,912.03
208-000-339.001	Deferred Revenue - Non tax		2,500.00
<b>Total</b>		<b>82,328.03</b>	<b>82,328.03</b>

**Adjusting Journal Entries JE # 16****6004**

To adjust fund balance of general fund to agree to 2011 audited financial statements

101-000-390.000	Undesignated Fund Balance	7,290.00	
208-751-819.649	P&c Services Administrative		7,290.00
<b>Total</b>		<b>7,290.00</b>	<b>7,290.00</b>

**Adjusting Journal Entries JE # 17**

To adjust interest income receivable for current and prior years

101-000-056.000	Interest Receivable	17,961.00	
101-000-390.000	Undesignated Fund Balance	216,616.00	
101-000-664.000	Interest & Rents	466.00	
208-000-056.000	Interest income receivable	27.00	
208-000-664.000	Interest And Rents	4.00	
711-000-664.000	Interest & Rents	313.00	
712-000-056.000	Interest income receivable	2,679.00	
712-000-664.000	Interest & Rents	24.00	
101-000-056.000	Interest Receivable		466.00
101-000-056.000	Interest Receivable		216,616.00
101-000-390.000	Undesignated Fund Balance		17,961.00
208-000-056.000	Interest income receivable		4.00
208-000-390.000	Fund Balance		27.00
711-000-056.000	Interest income receivable		313.00
712-000-056.000	Interest income receivable		24.00
712-000-390.000	Fund Balance		2,679.00
<b>Total</b>		<b>238,090.00</b>	<b>238,090.00</b>

**Adjusting Journal Entries JE # 18**

To adjust delinquent personal property taxes

101-000-403.000	Property Tax	6,520.00	
101-000-084.700	Due From Pooled Cash Fund		6,520.00
<b>Total</b>		<b>6,520.00</b>	<b>6,520.00</b>

**Adjusting Journal Entries JE # 19**

To write off NSF checks in trust and agency fund

208-000-084.700	Due From Pooled Cash Fund	19,397.00	
208-000-694.000	Misc Revenue		19,397.00
<b>Total</b>		<b>19,397.00</b>	<b>19,397.00</b>

Trial Balance: **2031 - POLICE FUND TRIAL BALANCE**  
 Workpaper: **2031b - POLICE FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 1</b>		<b>4106</b>		
To correct wire tranfer				
207-000-084.700	Due From Pooled Cash Fund		548.00	
207-000-202.000	Accounts Payable			548.00
<b>Total</b>			<b>548.00</b>	<b>548.00</b>
<b>Adjusting Journal Entry JE # 3</b>		<b>5105</b>		
To clean up A/P				
207-000-202.000	Accounts Payable		7.00	
207-000-694.000	Other Revenue			7.00
<b>Total</b>			<b>7.00</b>	<b>7.00</b>
<b>Adjusting Journal Entry JE # 4</b>				
To clean up accrued payroll taxes				
207-000-231.010	Pr Ded Pay-Tax Shelter		219.00	
207-000-231.090	Pr Ded-Union Dues		248.00	
207-000-084.700	Due From Pooled Cash Fund			219.00
207-000-084.700	Due From Pooled Cash Fund			248.00
<b>Total</b>			<b>467.00</b>	<b>467.00</b>
<b>Adjusting Journal Entry JE # 5</b>				
To adjust interest income receivable - prior year and current year				
207-000-056.000	Interest income receivable		12,132.00	
207-000-664.000	Interest & Rents		3,909.00	
207-000-056.000	Interest income receivable			3,909.00
207-000-390.000	Undesignated Fund Balance			12,132.00
<b>Total</b>			<b>16,041.00</b>	<b>16,041.00</b>
<b>Adjusting Journal Entry JE # 6</b>				
To adjust delinquent personal property taxes				
207-000-403.000	Property Tax		16,038.00	
207-000-084.700	Due From Pooled Cash Fund			16,038.00
<b>Total</b>			<b>16,038.00</b>	<b>16,038.00</b>



Trial Balance: **2032 - FIRE FUND TRIAL BALANCE**  
 Workpaper: **2032b - FIRE FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 5</b>		<b>4106</b>		
To correct wire transfer				
206-000-084.700	Due From Pooled Cash Fund		13,195.00	
206-000-202.000	Accounts Payable			13,195.00
<b>Total</b>			<b>13,195.00</b>	<b>13,195.00</b>
<b>Adjusting Journal Entry JE # 7</b>		<b>5105</b>		
To clean up A/P				
206-000-202.000	Accounts Payable		251.00	
206-000-694.000	Other Revenue			251.00
<b>Total</b>			<b>251.00</b>	<b>251.00</b>
<b>Adjusting Journal Entry JE # 8</b>				
To clean up accrued payroll accounts				
206-000-231.010	Pr Ded Pay-Tax Shelter		16,764.00	
206-000-231.050	Pr Ded Pay-Savings Acct		18,319.00	
206-000-231.090	Pr Ded Pay-Union Dues		4,890.00	
206-000-084.700	Due From Pooled Cash Fund			4,890.00
206-000-084.700	Due From Pooled Cash Fund			16,764.00
206-336-719.000	Opeb			18,319.00
<b>Total</b>			<b>39,973.00</b>	<b>39,973.00</b>
<b>Adjusting Journal Entry JE # 9</b>				
To adjust interest income receivable - prio year and current year				
206-000-056.000	Interest Income Receivable		13,849.00	
206-000-664.000	Interest & Rents		2,765.00	
206-000-056.000	Interest Income Receivable			2,765.00
206-000-390.000	Undesignated Fund Balance			13,849.00
<b>Total</b>			<b>16,614.00</b>	<b>16,614.00</b>
<b>Adjusting Journal Entry JE # 10</b>				
To adjust delinquent personal property taxes				
206-000-403.000	Property Tax		19,919.00	
206-000-084.700	Due From Pooled Cash Fund			19,919.00
<b>Total</b>			<b>19,919.00</b>	<b>19,919.00</b>

Trial Balance: **2033 - LIBRARY FUND TRIAL BALANCE**  
 Workpaper: **2033b - LIBRARY FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 3</b>		<b>4106</b>		
To correct wire transfer				
271-000-084.700	Due From Pooled Cash Fund		5,264.00	
271-000-202.000	Accounts Payable			5,264.00
<b>Total</b>			<b>5,264.00</b>	<b>5,264.00</b>
<b>Adjusting Journal Entry JE # 5</b>				
To adjust interest income - prior year and current year				
271-000-056.000	Interest Income Receivable		2,435.00	
271-000-664.000	Interest & Rents		1,273.00	
271-000-056.000	Interest Income Receivable			1,273.00
271-000-390.000	Undesignated Fund Balance			2,435.00
<b>Total</b>			<b>3,708.00</b>	<b>3,708.00</b>
<b>Adjusting Journal Entry JE # 6</b>				
To adjust delinquent personal property taxes				
271-000-403.000	Property Taxes		4,442.00	
271-000-084.700	Due From Pooled Cash Fund			4,442.00
<b>Total</b>			<b>4,442.00</b>	<b>4,442.00</b>
<b>Adjusting Journal Entry JE # 7</b>				
To correct cash transfer to District Library				
271-000-072.271	Due to other unit - District Library		248,000.00	
271-000-084.700	Due From Pooled Cash Fund			248,000.00
<b>Total</b>			<b>248,000.00</b>	<b>248,000.00</b>

Trial Balance: **2034 - SAFETY PATHS FUND TRIAL BALANCE**  
 Workpaper: **2034b - SAFETY PATHS FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 1</b>		<b>4106</b>		
To correct wire transfer				
297-000-084.700	Due From Pooled Cash Fund		588.00	
297-000-202.000	Accounts Payable			588.00
<b>Total</b>			<b>588.00</b>	<b>588.00</b>
<b>Adjusting Journal Entry JE # 3</b>				
To clean up accrued payroll tax accounts				
297-000-231.010	Sp Ded Pay-Tax Shelter		76.00	
297-000-231.090	Sp Ded Pay Union Dues		225.00	
297-000-084.700	Due From Pooled Cash Fund			76.00
297-000-084.700	Due From Pooled Cash Fund			225.00
<b>Total</b>			<b>301.00</b>	<b>301.00</b>
<b>Adjusting Journal Entry JE # 4</b>				
To adjust interest receivable - prior year and current year				
297-000-056.000	Interest Income Receivable		5,650.00	
297-000-664.000	Interest & Rents		727.00	
297-000-056.000	Interest Income Receivable			727.00
297-000-390.000	Fund Balance			5,650.00
<b>Total</b>			<b>6,377.00</b>	<b>6,377.00</b>
<b>Adjusting Journal Entry JE # 5</b>				
To adjust delinquent personal property taxes				
297-000-403.000	Tax Revenue		1,819.00	
297-000-084.700	Due From Pooled Cash Fund			1,819.00
<b>Total</b>			<b>1,819.00</b>	<b>1,819.00</b>

Trial Balance: **2035 - SEWER FUND TRIAL BALANCE**  
 Workpaper: **2035b - SEWER FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 4</b>		<b>4106</b>		
To correct wire transfer				
590-000-084.700	Due From Pooled Cash Fund		5,732.00	
590-000-202.000	Accounts Payable			5,732.00
<b>Total</b>			<b><u>5,732.00</u></b>	<b><u>5,732.00</u></b>
<b>Adjusting Journal Entry JE # 5</b>				
To accrue interest				
590-000-251.000	Accrued Interest Payable		73.00	
590-548-995.000	Interest Expense			73.00
<b>Total</b>			<b><u>73.00</u></b>	<b><u>73.00</u></b>
<b>Adjusting Journal Entry JE # 6</b>		<b>5304</b>		
To adjust the CIP and OMI debt for 2012 draws				
590-000-152.000	Construction In Process		177,092.00	
590-000-300.000	Bonds Payable			177,092.00
<b>Total</b>			<b><u>177,092.00</u></b>	<b><u>177,092.00</u></b>
<b>Adjusting Journal Entry JE # 7</b>				
To clean up accrued payroll accounts				
590-000-084.700	Due From Pooled Cash Fund		3,786.00	
590-000-231.090	Pr Ded Pay-Union Dues		1,278.00	
590-000-084.700	Due From Pooled Cash Fund			1,278.00
590-000-231.010	Pr Ded Pay-Tax Shelter			3,786.00
<b>Total</b>			<b><u>5,064.00</u></b>	<b><u>5,064.00</u></b>
<b>Adjusting Journal Entry JE # 8</b>				
To adjust interest income receivable - prior year and current year				
590-000-056.000	Interest income receivable		21,941.00	
590-000-664.000	Interest & Rents		3,340.00	
590-000-056.000	Interest income receivable			3,340.00
590-000-390.000	Fund Balance			21,941.00
<b>Total</b>			<b><u>25,281.00</u></b>	<b><u>25,281.00</u></b>
<b>Adjusting Journal Entry JE # 9</b>				
To book accrual for compensated absences				
590-000-706.000	Compensated Absences		27,040.00	
590-000-257.000	Accrued Wages Payable			27,040.00
<b>Total</b>			<b><u>27,040.00</u></b>	<b><u>27,040.00</u></b>

Trial Balance: **2036 - WATER FUND TRIAL BALANCE**  
 Workpaper: **2036b - WATER FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 3</b>		<b>4106</b>		
To correct wire tranfer				
591-000-084.700	Due From Pooled Cash Fund		3,767.00	
591-000-202.000	Accounts Payable			3,767.00
<b>Total</b>			<b>3,767.00</b>	<b>3,767.00</b>
<b>Adjusting Journal Entry JE # 4</b>				
To accrue interest on bonds				
591-556-995.000	Interest Expense		5,156.00	
591-000-251.000	Accrued Interest Payable			5,156.00
<b>Total</b>			<b>5,156.00</b>	<b>5,156.00</b>
<b>Adjusting Journal Entry JE # 5</b>				
To clean up accrued payroll accounts				
591-000-084.700	Due From Pooled Cash Fund		16.00	
591-000-231.010	Pr Ded Pay-Tax Shelter		3,519.00	
591-000-231.090	Pr Ded Pay-Union Dues		2,000.00	
591-000-084.700	Due From Pooled Cash Fund			2,000.00
591-000-084.700	Due From Pooled Cash Fund			3,519.00
591-000-231.091	People Union Dues			16.00
<b>Total</b>			<b>5,535.00</b>	<b>5,535.00</b>
<b>Adjusting Journal Entry JE # 6</b>				
To adjust interest income receivable - current and prior year				
591-000-056.000	Interest income receivable		364.00	
591-000-056.000	Interest income receivable		10,662.00	
591-000-390.000	Fund Balance			10,662.00
591-000-664.000	Interest & Rents			364.00
<b>Total</b>			<b>11,026.00</b>	<b>11,026.00</b>
<b>Adjusting Journal Entry JE # 7</b>				
To adjust accrual for compensated absences				
591-000-706.000	Compensated absences		26,635.00	
591-000-257.000	Accrued Wages Payable			26,635.00
<b>Total</b>			<b>26,635.00</b>	<b>26,635.00</b>

Trial Balance: **2038 - SPECIAL ASSESSMENTS TRIAL BALANCE**  
 Workpaper: **2038b - SPECIAL ASSESSMENTS - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 1</b>			<b>5105</b>	
To clean up A/P				
401-000-694.000	Misc Rev		2.00	
817-000-694.000	Misc Rev		1.00	
821-000-202.000	Accounts Payable		1.00	
826-000-202.000	Accounts Payable		175.00	
864-000-694.000	Misc Rev		1.00	
866-000-202.000	Accounts Payable		1.00	
401-000-202.000	Accounts Payable			2.00
817-000-202.000	Accounts Payable			1.00
821-000-694.000	Misc Rev			1.00
826-000-694.000	Misc Rev			175.00
864-000-202.000	Accounts Payable			1.00
866-000-694.000	Misc Rev			1.00
<b>Total</b>			<b>181.00</b>	<b>181.00</b>

**Adjusting Journal Entry JE # 2**  
 To adjust interest income receivable - current and prior years

401-000-056.000	Interest income receivable		947.00	
401-000-664.000	Interest Income		129.00	
813-000-056.000	Interest income receivable		173.00	
813-000-664.000	Interest Income		35.00	
814-000-056.000	Interst income receivable		255.00	
816-000-056.000	Interest income receivable		100.00	
816-000-664.000	Interest Income		14.00	
817-000-056.000	Interest income receivable		22.00	
817-000-664.000	Interest Income		3.00	
818-000-056.000	Interest income receivable		55.00	
818-000-664.000	Interest		7.00	
819-000-056.000	Interest income receivable		194.00	
819-000-664.000	Interest Income		27.00	
820-000-056.000	Interest income receivable		6.00	
820-000-664.000	Interest		1.00	
821-000-056.000	Interest income receivable		189.00	
821-000-664.000	Interest & Rents		26.00	
823-000-056.000	Interest income receivable		1,327.00	
823-000-664.000	Interest And Rents		181.00	
824-000-056.000	Interest income receivable		23.00	
825-000-056.000	Interest income receivable		662.00	
825-000-664.000	Interest And Rents		90.00	
826-000-664.000	Interest income		72.00	
827-000-056.000	Interest income receivable		5.00	
827-000-056.000	Interest income receivable		33.00	
864-000-056.000	Interest income receivable		45.00	
864-000-664.000	Interest Income		6.00	
865-000-056.000	Interest income receivable		4.00	
865-000-664.000	Interest Income		1.00	
866-000-056.000	Interest income receivable		190.00	
866-000-056.000	Interest income receivable		724.00	
867-000-056.000	Interest income receivable		685.00	
867-000-664.000	Interest Income		166.00	
401-000-056.000	Interest income receivable			129.00
401-000-390.000	Fund Balance			947.00
813-000-056.000	Interest income receivable			35.00
813-000-390.000	Fund Balance			173.00
814-000-390.000	Fund Balance			255.00
816-000-056.000	Interest income receivable			14.00
816-000-390.000	Undesignated Fund Balance			100.00
817-000-056.000	Interest income receivable			3.00
817-000-390.000	Undesignated Fund Balance			22.00
818-000-056.000	Interest income receivable			7.00
818-000-390.000	Fund Balance			55.00
819-000-056.000	Interest income receivable			27.00
819-000-390.000	Fund Balance			194.00
820-000-056.000	Interest income receivable			1.00
820-000-390.000	Fund Balance			6.00
821-000-056.000	Interest income receivable			26.00
821-000-390.000	Fund Balance			189.00
823-000-056.000	Interest income receivable			181.00
823-000-390.000	Fund Balance Flemings Lk Rd			1,327.00
824-000-664.000	Silverman Sash - Interest And Rents			23.00
825-000-056.000	Interest income receivable			90.00
825-000-390.000	Fund Balance			662.00
826-000-056.000	Interest income receivable			72.00
827-000-390.000	Fund Balance			33.00
827-000-664.000	Interest & Rents			5.00
864-000-056.000	Interest income receivable			6.00
864-000-390.000	Undesignated Fund Balance			45.00
865-000-056.000	Interest income receivable			1.00
865-000-390.000	Fund Balance			4.00
866-000-390.000	Fund Balance			724.00
866-000-664.000	Interest & Rents			190.00
867-000-056.000	Interest income receivable			166.00
867-000-390.000	Fund Balance			685.00
<b>Total</b>			<b>6,397.00</b>	<b>6,397.00</b>

Trial Balance: **2039 - COMMUNITY DEVELOPMENT TRIAL BALANCE**  
 Workpaper: **2039b - CDBG - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 3</b>		<b>5105</b>		
To clean up A/P				
274-000-084.700	Due From Pooled Cash Fund		17,241.00	
274-000-202.000	Accounts Payable			17,241.00
<b>Total</b>			<b>17,241.00</b>	<b>17,241.00</b>

Trial Balance: **2040 - CABLE TRIAL BALANCE**  
 Workpaper: **2040b - CABLE - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 4</b>				
To adjust interest income receivable - current and prior year				
296-000-056.000	Interest income receivable		1,908.00	
296-000-664.000	Interest		501.00	
296-000-056.000	Interest income receivable			501.00
296-000-390.000	Undesignated Fund Balance			1,908.00
<b>Total</b>			<b>2,409.00</b>	<b>2,409.00</b>

Trial Balance: **2042 - DEBT SERVICE FUND**  
 Workpaper: **2042b - DEBT SERVICE FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 1</b>				
To adjust interest income receivable - current and prior year				
301-000-056.000	Interest income receivable		24.00	
301-000-664.000	Interest & Rents		3.00	
301-000-056.000	Interest income receivable			3.00
301-000-390.000	Undesignated Fund Balance			24.00
<b>Total</b>			<b>27.00</b>	<b>27.00</b>

Trial Balance: **2043 - CAPITAL PROJECTS FUND TRIAL BALANCE**  
 Workpaper: **2043b - CAPITAL PROJECTS FUND - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 1</b>				
To adjust interest income receivable - current and prior years				
400-000-056.000	Interest income receivable		445.00	
400-000-664.000	Interest Income		61.00	
400-000-056.000	Interest income receivable			61.00
400-000-390.000	Undesignated Fund Balance			445.00
<b>Total</b>			<b>506.00</b>	<b>506.00</b>

Trial Balance: **2044 - CIA TRIAL BALANCE**  
 Workpaper: **2044b - CIA - ADJUSTING JOURNAL ENTRY REPORT**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 2</b>				
To clean up A/P				
247-000-202.000	Accounts Payable	5105	18,161.15	
247-000-084.700	Due From Pooled Cash Fund			18,161.15
<b>Total</b>			<b>18,161.15</b>	<b>18,161.15</b>

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 3</b>				
To adjust Fund balance to agree to PY FS				
247-000-403.000	Tax Revenue	6004	86.00	
247-000-390.000	Fund Balance Cia			86.00
<b>Total</b>			<b>86.00</b>	<b>86.00</b>

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entry JE # 4</b>				
To adjust interest income receivable - current and prior years				
247-000-056.000	Interest income receivable		2,179.00	
247-000-664.000	Interest & Rents		723.00	
247-000-056.000	Interest income receivable			723.00
247-000-390.000	Fund Balance Cia			2,179.00
<b>Total</b>			<b>2,902.00</b>	<b>2,902.00</b>



Trial Balance: **2045 - TRUST AND AGENCY TRIAL BALANCE**  
 Workpaper: **2045b - TRUST AND AGENCY - ADJUSTING JOURNAL ENTRIES**

<b>Account</b>	<b>Description</b>	<b>W/P Ref</b>	<b>Debit</b>	<b>Credit</b>
<b>Adjusting Journal Entry JE # 1</b>				
To adjust delinquent personal property taxes				
701-000-028.208	Delinquent Personals 2008		17,708.00	
701-000-028.209	Delinquent Tax 2009		22,004.00	
701-000-028.211	DELINQUENT PERSONALS 2011		47,962.00	
701-000-084.700	Due From Pooled Cash Fund		48,736.00	
701-000-028.000	2000 Del Personal			20,241.00
701-000-028.202	Del Pers Prop 2002			19,848.00
701-000-028.203	2003 Delinquent Personals			23,856.00
701-000-028.204	2004 Delinquent Personals			21,279.00
701-000-028.205	Delinquent Personals 2005			3,725.00
701-000-028.206	2006 Delinquent Personal			4,700.00
701-000-028.207	Delinquent Personals 2007			5,282.00
701-000-028.210	Delinquent Personal Property 2010			37,479.00
<b>Total</b>			<b>136,410.00</b>	<b>136,410.00</b>
<b>Adjusting Journal Entry JE # 2</b>				
To write off NSF checks				
701-000-275.000	Nsf Checks		19,397.00	
701-000-084.700	Due From Pooled Cash Fund			19,397.00
<b>Total</b>			<b>19,397.00</b>	<b>19,397.00</b>