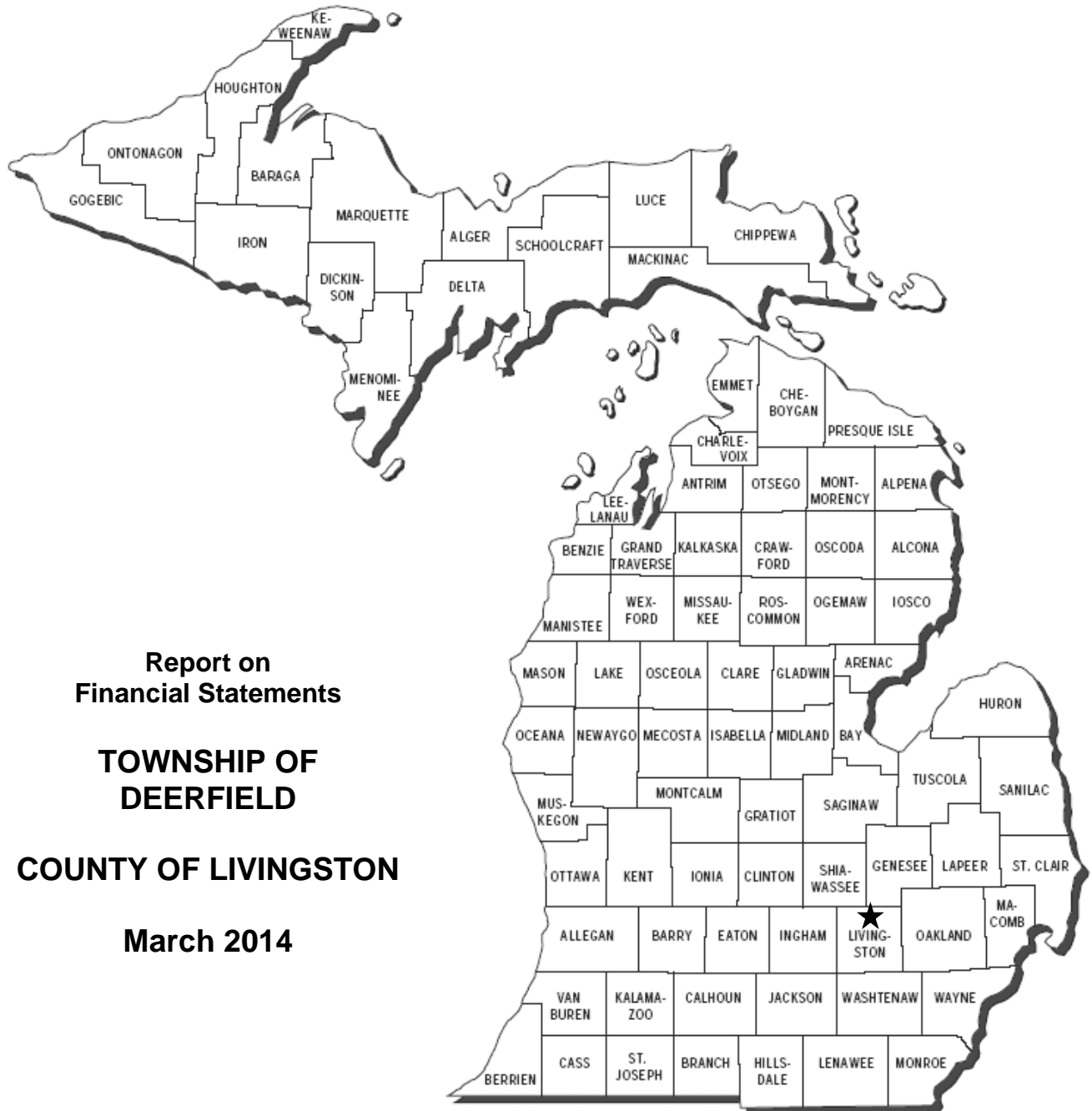


# STATE OF MICHIGAN

Rick Snyder, Governor

## DEPARTMENT OF TREASURY

R. Kevin Clinton, State Treasurer



DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
TOWNSHIP BOARD

Thomas A. Green  
Supervisor

Alfred Mattioli  
Clerk

Cheryl Petchell  
Treasurer

Douglas Taylor  
Trustee

Garry Johnston  
Trustee

TOWNSHIP POPULATION--2010

4,170

TAXABLE VALUATION--2013

\$152,010,650



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

R. KEVIN CLINTON  
STATE TREASURER

August 20, 2014

Township Board  
Township of Deerfield  
4492 Center Road  
Linden, Michigan 48451

Independent Auditor's Report

Dear Board Members:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Deerfield Township, Livingston County, Michigan, as of and for the fiscal year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise Deerfield 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Deerfield Township, Livingston County, Michigan, as of March 31, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 and budgetary comparison information Exhibits J through L be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Deerfield Township's basic financial statements. The accompanying supplementary and related information presented as Exhibits M through P are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information presented in Exhibits M through P is the responsibility of management and was derived from and relates 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 statement 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 Exhibits listed above are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2014, on our consideration of the Deerfield Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Deerfield Township's internal control over financial reporting and compliance.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

# DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

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**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**

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## **DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended March 31, 2014**

Our discussion and analysis of the Township of Deerfield's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2014.

#### **Using this Annual Report**

This annual report consists of three parts--management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The annual report also contains supplementary information in addition to the basic financial statements and required supplementary information. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities on Exhibits A and B provide information about the activities of the Township, as a whole, and present a longer-term view of the Township's finances. Fund financial statements start with Exhibit C. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements. The remaining statements provide financial information about activities for which the Township acts solely as trustee or agent for the benefit of those outside of the government.

#### **Reporting the Township as a Whole**

The Statement of Net Position and the Statement of Activities report information about the Township, as a whole, and about its activities in a way that helps answer the question of whether the Township, as a whole, is better off or worse off as a result of the year's activities. The Statement of Net Position includes all of the Township's assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements, mentioned above, report the Township's net position and how they have changed. The reader can think of the Township's net position as one way to measure the Township's financial health or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Township's, you need to consider additional nonfinancial factors such as changes in the county's property tax base which affect the amount of taxes received and changes in the laws related to the operating assistance received from the Federal and State governments.

In the Statement of Net Position and the Statement of Activities, the Township has two kinds of activities:

- Governmental activities—Most of the Township's basic services are reported here, including general government, fire, and public works. Property taxes, franchise fees, and state grants finance most of these activities.



# DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended March 31, 2014

- Business-type activities—The Township charges a fee to customers to help it cover all or most of the cost of services it provides. The Township sewer system is reported here.

### *The Township as a Whole*

The Township's combined net position increased from \$7,671,853 to \$7,707,263 or \$35,410 for fiscal year ended March 31, 2014. Net position of the Township's governmental activities increased by \$43,964 (\$6,005,457 compared to \$6,049,421) and decreased by \$8,554 for the business type activities (\$1,666,396 to \$1,657,842).

In a condensed format, the tables which follow show a comparison of the net position as of the current fiscal year to the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Current and Other Assets	\$ 1,346,669	\$ 1,389,533	\$ 84,466	\$ 100,052	\$ 1,431,135	\$ 1,489,585
Capital Assets	4,720,407	4,675,003	1,581,930	1,557,790	6,302,337	6,232,793
Total Assets	6,067,076	6,064,536	1,666,396	1,657,842	7,733,472	7,722,378
Long-Term Debt Outstanding	32,674	-	-	-	32,674	-
Other Liabilities	28,945	15,115	-	-	28,945	15,115
Total Liabilities	61,619	15,115	-	-	61,619	15,115
Net Position						
Net Investment in						
Capital Assets	4,687,733	4,675,003	1,581,930	1,557,790	6,269,663	6,232,793
Restricted	553,415	569,158	-	-	553,415	569,158
Unrestricted	764,309	805,260	84,466	100,052	848,775	905,312
Total Net Position	\$ 6,005,457	\$ 6,049,421	\$ 1,666,396	\$ 1,657,842	\$ 7,671,853	\$ 7,707,263

Restricted net positions are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charges or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specified purpose stipulated in the legislation.

# DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended March 31, 2014

A portion of the Township's net position in the amount of \$6,232,793 reflects its investments in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position, \$569,158, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$905,312 represents "unrestricted net position" that may be used to meet the Township's ongoing obligations to citizens and creditors.

The following table shows the changes in net position for the fiscal year ended March 31, 2014 compared to the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Program Revenues						
Charges for Services	\$ 338,973	\$ 340,321	\$ 165,628	\$ 182,472	\$ 504,601	\$ 522,793
Operating Grants and Contributions	5,198	7,070	-	-	5,198	7,070
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	334,932	347,720	-	-	334,932	347,720
State-Shared Revenues	279,855	310,369	-	-	279,855	310,369
Unrestricted Investment Earnings	3,208	1,462	147	164	3,355	1,626
Other Revenues	4,954	8,449	-	-	4,954	8,449
Total Revenues	967,120	1,015,391	165,775	182,636	1,132,895	1,198,027
Program Expenses						
General Government	387,761	395,868	-	-	387,761	395,868
Public Safety	268,973	276,588	-	-	268,973	276,588
Public Works	243,237	211,965	-	-	243,237	211,965
Health and Welfare	1,800	1,800	-	-	1,800	1,800
Community and Economic Development	34,169	35,447	-	-	34,169	35,447
Recreation and Culture	6,091	10,484	-	-	6,091	10,484
Other	35,154	38,012	-	-	35,154	38,012
Interest on Long-Term Debt	2,719	1,263	-	-	2,719	1,263
Sewer	-	-	217,824	191,190	217,824	191,190
Total Expenses	979,904	971,427	217,824	191,190	1,197,728	1,162,617
Increase (Decrease) in Net Position	\$ (12,784)	\$ 43,964	\$ (52,049)	\$ (8,554)	\$ (64,833)	\$ 35,410

## **DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended March 31, 2014**

#### **Governmental Activities**

The Township's total governmental revenues increased \$48,271 or 4.99% (from \$967,120 in fiscal year 2013 to \$1,015,391 in fiscal year 2014). This was due primarily to an increase in Property tax revenue, State shared revenue and an insurance recovery (reimbursement). Expenses decreased \$8,477 or 0.87% (from \$979,904 in fiscal year 2013 to \$971,427 in fiscal year 2014). This was due to a decrease in expenses for general government, public safety and public works.

#### **Business-Type Activities**

The Township's business-type activities consist of the Sewer Fund. The Township provides sewage disposal services to some of the Township's residents. The total program revenues increased \$16,861 or 10.17% (from \$165,775 in fiscal year 2013 to \$182,636 in fiscal year 2014). The total program expenses decreased \$26,634 or 12.23% (from \$217,824 in fiscal year 2013 to \$191,190 in fiscal year 2014).

#### **The Township's Governmental Funds**

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 millages. The Township's major governmental funds for 2014 include the General Fund, Municipal Road Fund, and the Fire Fund. Our analysis of the Township's major funds begins with Exhibit C, following the entity-wide financial statements.

As the Township completed the fiscal year, its governmental funds reported a combined fund balance of \$1,374,418 which is \$56,693 more than the prior year's \$1,317,724. The Township's governmental activities total revenues increased by 4.99% or \$48,271 (\$967,120 in fiscal year 2013 to \$1,015,391 in fiscal year 2014) and the total expenditures decreased by 2.42% or \$23,810 (\$982,508 in fiscal year 2013 to \$958,698 in fiscal year 2014).

The General Fund pays for most of the Township's governmental services. The most significant are for general government activities, which incurred expenditures in the amount of \$357,891 for 2014 which is a 2.6% (\$8,926) increase over the prior fiscal year. These services are supported by the operating millage and State-shared revenues. The Municipal Road Fund accounts for the road millage tax revenue that is restricted for use on county primary and local roads. The Municipal Road Fund incurred expenditures recorded as public works in the amount of \$168,348 which is a 10.6% (\$19,958) decrease over the prior fiscal year. The Fire Fund accounts for special assessment revenue that is restricted for fire protection and other emergency health and safety services. The Fire Fund incurred expenditures recorded as public safety in the amount of \$297,175 which is a 4.52% (\$14,083) decrease over the prior fiscal year.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended March 31, 2014

The Hidden Lake, Lobdell Lake, Ryan Lake, Katrine Hills and Faussett Lake Funds account for special assessment revenue that is restricted for lake clean up and channel weed control services. The Compliance, Impact and Benefit Fund accounts for gravel mining royalty revenue that is used for costs of compliance with environmental laws and regulations related to gravel mining, including road repairs and for general government activities. The Deerfield Hills Park Fund is used to account for State grants and other contributions for park land acquisition and park improvements.

#### General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Adjustments were approved throughout the year to take into account the activities of the Township for the year. None of the changes were significant.

#### Capital Assets and Debt Administration

##### Capital Assets

At the end of March 2014, the Township's governmental funds had \$4,675,003 invested in a broad range of capital assets including land, buildings and equipment, and \$1,557,790 invested in the sewer system.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2012	2014
Capital Assets Not Being Depreciated						
Land	\$ 3,404,063	\$ 3,404,063	\$ 14,077	\$ 14,077	\$ 3,418,140	\$ 3,418,140
Land Improvements	152,252	152,252	-	-	152,252	152,252
Park Land Improvements	37,289	37,289	-	-	37,289	37,289
Subtotal	3,593,604	3,593,604	14,077	14,077	3,607,681	3,607,681
Capital Assets Being Depreciated						
Land Improvements	107,680	110,280	-	-	107,680	110,280
Communications Tower	84,000	84,000	-	-	84,000	84,000
Buildings	1,391,453	1,396,528	-	-	1,391,453	1,396,528
Equipment and Furniture	129,724	130,672	-	-	129,724	130,672
Sewage Disposal System	-	-	2,223,448	2,223,448	2,223,448	2,223,448
Subtotal	1,712,857	1,721,480	2,223,448	2,223,448	3,936,305	3,944,928
Total Capital Assets	5,306,461	5,315,084	2,237,525	2,237,525	7,543,986	7,552,609
Total Accumulated Depreciation	586,054	640,081	655,595	679,735	1,241,649	1,319,816
Total Net Capital Assets	\$ 4,720,407	\$ 4,675,003	\$ 1,581,930	\$ 1,557,790	\$ 6,302,337	\$ 6,232,793

## **DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended March 31, 2014**

In addition, the Township has invested in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Livingston County Road Commission (along with the responsibility to maintain them). During 2014, the Township purchased new light poles for the township offices. Additional information on the Township's capital assets can be found in Note E of this report.

#### **Debt**

To pay for part of the costs of constructing a fire hall, the Township entered into an installment purchase agreement that was paid off during the fiscal year. The Township had no addition of new long term debt. Additional information on the Township's debt can be found in Note G of this report.

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

The Township's 2015 budget will remain primarily the same as 2014. The Township's budget is not expected to have any other significant fluctuations in revenues or expenses.

#### **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 accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk's Office at 4492 Center Road, Linden, MI 48451.

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**March 31, 2014**

**EXHIBIT A**

	<b>PRIMARY GOVERNMENT</b>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,314,104	\$ 91,770	\$ 1,405,874
Receivables			
Taxes--Delinquent	11,482	-	11,482
Special Assessments--Delinquent	24,164	-	24,164
Accounts	14,674	8,282	22,956
Due From State	24,109	-	24,109
Due From Other Agencies--Fiduciary Fund	1,000	-	1,000
Total Current Assets	<u>1,389,533</u>	<u>100,052</u>	<u>1,489,585</u>
Noncurrent Assets			
Capital Assets--Nondepreciating	3,593,604	14,077	3,607,681
Capital Assets--Depreciating	<u>1,081,399</u>	<u>1,543,713</u>	<u>2,625,112</u>
Total Assets	<u>6,064,536</u>	<u>1,657,842</u>	<u>7,722,378</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accrued Liabilities	6,508	-	6,508
Performance Deposits Payable	7,700	-	7,700
Escrow Deposits Payable	<u>907</u>	<u>-</u>	<u>907</u>
Total Liabilities	<u>15,115</u>	<u>-</u>	<u>15,115</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	4,675,003	1,557,790	6,232,793
Restricted for			
Municipal Road	430,193	-	430,193
Program Special Assessment	136,977	-	136,977
Capital Projects	1,988	-	1,988
Unrestricted	<u>805,260</u>	<u>100,052</u>	<u>905,312</u>
Total Net Position	<u>\$ 6,049,421</u>	<u>\$ 1,657,842</u>	<u>\$ 7,707,263</u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended March 31, 2014**

**EXHIBIT B**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	PRIMARY GOVERNMENT		
				Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
General Government	\$ 395,868	\$ 51,551	\$ -	\$ (344,317)	\$ -	\$ (344,317)
Public Safety	276,588	236,520	91	(39,977)	-	(39,977)
Public Works	211,965	41,325	4,979	(165,661)	-	(165,661)
Health and Welfare	1,800	-	-	(1,800)	-	(1,800)
Community and Economic Development	35,447	10,925	-	(24,522)	-	(24,522)
Recreation and Culture	10,484	-	2,000	(8,484)	-	(8,484)
Other	38,012	-	-	(38,012)	-	(38,012)
Interest on Long-Term Debt	1,263	-	-	(1,263)	-	(1,263)
Total Governmental Activities	971,427	340,321	7,070	(624,036)	-	(624,036)
Business-Type Activities						
Sewer	191,190	182,472	-	-	(8,718)	(8,718)
Total Business-Type Activities	191,190	182,472	-	-	(8,718)	(8,718)
Total Primary Government	\$ 1,162,617	\$ 522,793	\$ 7,070	\$ (624,036)	\$ (8,718)	\$ (632,754)
General Revenues						
Property Taxes				\$ 347,720	\$ -	\$ 347,720
State-Shared Revenues				310,369	-	310,369
Unrestricted Investment Earnings				1,462	164	1,626
Other Revenues				8,449	-	8,449
Total General Revenues and Special Items				668,000	164	668,164
Change in Net Position				43,964	(8,554)	35,410
Net Position--Beginning				6,005,457	1,666,396	7,671,853
Net Position--Ending				\$ 6,049,421	\$ 1,657,842	\$ 7,707,263

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
BALANCE SHEET--GOVERNMENTAL FUNDS AND  
RECONCILIATION TO STATEMENT OF NET POSITION  
March 31, 2014**

**EXHIBIT C**

	<b>MAJOR GOVERNMENTAL FUNDS</b>			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Municipal Road	Fire		
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 625,654	\$ 419,486	\$ 154,470	\$ 114,494	\$ 1,314,104
Receivables					
Taxes--Delinquent	775	10,707	-	-	11,482
Special Assessments--Delinquent	-	-	20,330	3,834	24,164
Accounts	14,674	-	-	-	14,674
Due From State	24,109	-	-	-	24,109
Due From Other Funds	155,163	-	-	-	155,163
Total Assets	<u>\$ 820,375</u>	<u>\$ 430,193</u>	<u>\$ 174,800</u>	<u>\$ 118,328</u>	<u>\$ 1,543,696</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ 154,163	\$ -	\$ 154,163
Accrued Liabilities	6,508	-	-	-	6,508
Performance Deposits Payable	7,700	-	-	-	7,700
Escrow Deposits Payable	907	-	-	-	907
Total Liabilities	15,115	-	154,163	-	169,278
Fund Equity					
Fund Balances					
Restricted					
Municipal Road	-	430,193	-	-	430,193
Program Special Assessment	-	-	20,637	116,340	136,977
Capital Projects	-	-	-	1,988	1,988
Unassigned	805,260	-	-	-	805,260
Total Fund Equity	805,260	430,193	20,637	118,328	1,374,418
Total Liabilities and Fund Equity	<u>\$ 820,375</u>	<u>\$ 430,193</u>	<u>\$ 174,800</u>	<u>\$ 118,328</u>	<u>\$ 1,543,696</u>
Fund Balances--Total Governmental Funds					\$ 1,374,418
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds.					4,675,003
Net Position of Governmental Activities					<u>\$ 6,049,421</u>

**The Notes to Financial Statements are an integral part of this statement.**



**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS**  
**AND RECONCILIATION TO STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended March 31, 2014**

**EXHIBIT D**

	<b>MAJOR GOVERNMENTAL FUNDS</b>				
	General Fund	Municipal Road	Fire	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and Penalties	\$ 194,022	\$ 153,698	\$ -	\$ -	\$ 347,720
Licenses and Permits	37,273	-	-	-	37,273
State Grants	310,369	4,248	-	-	314,617
Charges for Services	10,105	-	-	-	10,105
Interest and Rentals	7,066	731	91	2,047	9,935
Other Revenue	12,896	-	236,520	46,325	295,741
Total Revenues	571,731	158,677	236,611	48,372	1,015,391
Expenditures					
Current					
General Government	357,891	-	-	-	357,891
Public Safety	410	-	263,237	-	263,647
Public Works	7,397	168,348	-	36,220	211,965
Health and Welfare	1,800	-	-	-	1,800
Community and Economic Development	35,447	-	-	-	35,447
Recreation and Culture	-	-	-	7,375	7,375
Other	38,012	-	-	-	38,012
Capital Outlay	8,623	-	-	-	8,623
Debt Service					
Principal	-	-	32,674	-	32,674
Interest	-	-	1,263	-	1,263
Total Expenditures	449,580	168,348	297,174	43,595	958,697
Excess of Revenues Over (Under) Expenditures	122,151	(9,671)	(60,563)	4,777	56,694
Other Financing Sources (Uses)					
Interfund Transfers In	-	-	81,200	-	81,200
Interfund Transfers (Out)	(81,200)	-	-	-	(81,200)
Total Other Financing Sources (Uses)	(81,200)	-	81,200	-	-
Net Change in Fund Balances	40,951	(9,671)	20,637	4,777	56,694
Fund Balance--April 1, 2013	764,309	439,864	-	113,551	1,317,724
	<u>\$ 805,260</u>	<u>\$ 430,193</u>	<u>\$ 20,637</u>	<u>\$ 118,328</u>	<u>\$ 1,374,418</u>
Fund Balance--March 31, 2014					\$ 56,694

Net Change in Fund Balances--Total Governmental Funds

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

Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation. (45,404)

Repayments of installment purchase agreements is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt). 32,674

\$ 43,964

Change in Net Position of Governmental Activities

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
STATEMENT OF NET POSITION  
MAJOR ENTERPRISE FUND--SEWER FUND  
MARCH 31, 2014**

**EXHIBIT E**

<b><u>ASSETS</u></b>	<b><u>Business-Type Activities</u></b>
Current Assets	
Cash and Cash Equivalents	\$ 91,770
Accounts Receivable	<u>8,282</u>
Total Current Assets	<u>100,052</u>
Noncurrent Assets	
Capital Assets--Nondepreciating	14,077
Capital Assets--Depreciating	<u>1,543,713</u>
Total Noncurrent Assets	<u>1,557,790</u>
Total Assets	<u>1,657,842</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts Payable	<u>-</u>
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	1,557,790
Unrestricted	<u>100,052</u>
Total Net Position	<u><u>\$ 1,657,842</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION--MAJOR ENTERPRISE FUND--SEWER FUND**  
**For the Fiscal Year Ended March 31, 2014**

**EXHIBIT F**

	Business-Type Activities
Operating Revenues	
Charges for Services	\$ 182,472
Total Operating Revenues	<u>182,472</u>
Operating Expenses	
Contractual Services	167,050
Depreciation	<u>24,140</u>
Total Operating Expenses	<u>191,190</u>
Operating Income (Loss)	<u>(8,718)</u>
Nonoperating Revenues (Expenses)	
Interest and Investment Revenue	<u>164</u>
Total Nonoperating Revenues (Expenses)	<u>164</u>
Income (Loss) Before Contributions and Transfers	<u>(8,554)</u>
Change in Net Position	(8,554)
Total Net Position--April 1, 2013	<u>1,666,396</u>
Total Net Position--March 31, 2014	<u><u>\$ 1,657,842</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**STATEMENT OF CASH FLOWS**  
**MAJOR ENTERPRISE FUND--SEWER FUND**  
**For the Fiscal Year Ended March 31, 2014**

**EXHIBIT G**

	<u>Business-Type Activities</u>
Cash Flows From Operating Activities	
Receipts From Customers	\$ 178,813
Payments to Suppliers	<u>(167,050)</u>
Net Cash Provided by Operating Activities	<u>11,763</u>
 Cash Flows From Investing Activities	
Interest Earned on Investments	<u>164</u>
Net Cash Provided by Investing Activities	<u>164</u>
Net Increase in Cash and Cash Equivalents	11,927
Cash and Cash Equivalents--April 1, 2013	<u>79,843</u>
Cash and Cash Equivalents--March 31, 2014	<u><u>\$ 91,770</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (8,718)
 Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	24,140
Changes in Assets and Liabilities	
Decrease (Increase) in Accounts Receivable	<u>(3,659)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 11,763</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
March 31, 2014**

**EXHIBIT H**

	Pension Trust	Agency
<b><u>ASSETS</u></b>		
Cash	\$ -	\$ 1,000
Investments	<u>259,598</u>	<u>-</u>
Total Assets	<u><u>\$ 259,598</u></u>	<u><u>\$ 1,000</u></u>
<b><u>LIABILITIES AND NET POSITION</u></b>		
Liabilities		
Due to Other Funds--Primary Government	<u>\$ -</u>	<u>\$ 1,000</u>
Total Liabilities	<u>-</u>	<u><u>\$ 1,000</u></u>
Net Position		
Held in Trust for Pension Benefits	<u><u>\$ 259,598</u></u>	

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND  
For the Fiscal Year Ended March 31, 2014**

**EXHIBIT I**

	<u>Pension Trust</u>
Additions	
Contributions	
Employer	\$ 47,113
Gain (Loss) on Investments	<u>29,470</u>
Total Additions	<u>76,583</u>
Withdrawals	<u>(21,239)</u>
Change in Net Position	55,344
Net Position--April 1, 2013	<u>204,254</u>
Net Position--March 31, 2014	<u><u>\$ 259,598</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Fiscal Year Ended March 31, 2014

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Deerfield 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 Township.

##### Reporting Entity

The Township, which covers an area of 36 square miles, is located in Livingston County. The Township provides services to approximately 4,100 residents in many areas including fire protection, general administrative services, and community enrichment and development. The Township is a general law Township governed by a 5-member board elected by the citizens of the Township. The Township Board consists of the supervisor, clerk, treasurer and two trustees, all of whom reside in the community.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," these financial statements present the Township for financial reporting purposes. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if component unit data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the Township.

#### JOINTLY GOVERNED ORGANIZATION

##### Hartland Deerfield Fire Authority

The Hartland Deerfield Fire Authority consists of the Townships of Hartland and Deerfield. The principal office of the Authority is located at 3205 Hartland Road, Hartland, Michigan. Financial records for the Board are recorded and maintained on a contractual basis by the Hartland Township Director of Finance. The Fire Authority Board shall determine the financial responsibility of each Township of the approved Authority budget for the subsequent fiscal year by applying a formula that combines weighted equivalents of State Equalized Value (SEV), population from the last available census, and an average of the past three years of incident hours per year.

The Township's appropriation to the Hartland Deerfield Fire Authority for the fiscal year ended March 31, 2014 was \$263,238 for operating expenses.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Fiscal Year Ended March 31, 2014

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 and fiduciary fund financial statements. Revenues are 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 when it is both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.



DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

The Municipal Road Fund accounts for road maintenance and improvements, and is funded by a property tax millage.

The Fire Fund accounts for special assessments collected for the purpose of fire protection and emergency services provided by the Hartland Deerfield Fire Authority.

The Township reports the following major proprietary fund:

The Sewer Fund accounts for the sewer operations of the Township.

Additionally, the Township reports the Pension Trust Fund and the Tax Collection Fund (agency fund) as fiduciary funds:

The Pension Trust Fund accounts for the activities of the Deerfield Township Trust, which accumulates resources for pension benefit payments to qualified employees.

The Agency Fund accounts for current tax collections held on behalf of the Township and other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Fiscal Year Ended March 31, 2014

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations (sewer). 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 non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Bank Deposits and Investments

For the purposes of the statement of cash flows, demand deposits and short-term investments with maturity of three months or less, when acquired, are considered to be cash equivalents. Investments for the government are reported at fair value.

#### Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

#### Property Taxes

Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township's property tax is levied on each December 1 on the taxable valuation of property located in the Township as of the preceding December 31.

It is the Township's policy to recognize revenues in the current year when the proceeds are budgeted and made available for the financing of Township operations. Payment from the county for the 2012 delinquent taxes, which it purchased subsequent to March 31, is recorded as delinquent taxes receivable in the General and Municipal Road Funds.

The 2013 taxable value of the Township amounted to \$152,010,650, on which ad valorem taxes of .9310 mills, \$143,115, were levied for Township operating purposes; and 1.0000 special voted mills, \$153,698, were levied for Township road purposes. These taxes are recorded as Township revenue for the fiscal year ended March 31, 2014.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Fiscal Year Ended March 31, 2014

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Special Assessments

Special assessments are levied annually for the fire authority, and lake level maintenance and improvement purposes. The assessment is payable on or after December 1.

It is the Township's policy to recognize revenues in the current year when the current assessments are collected. Payment from the county for the 2013 delinquent assessments, which it purchased subsequent to March 31, is recorded as delinquent special assessments receivable in the special revenue funds.

During fiscal year ending March 31, 2009, the Township established a new special assessment district named Walker Reservoir/Faussett Lake Special Assessment District. The first special assessment was levied December 1, 2008, in accordance with State statute.

##### Deferred Inflow of Resources/Unearned Revenue

The deferred inflow of resources represents revenue received that applies to future periods. Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

##### Use of Estimates

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

##### Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, 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 government as assets with an initial individual cost of more than \$500 and estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Township has no infrastructure to report.

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	Governmental Funds	Enterprise Fund
Land Improvements	12 to 40 years	
Communications Tower	40 years	
Buildings	40 years	
Equipment and Furniture	5 to 10 years	
Sewer System		40 years

Long-Term Obligations

In the government-wide financial statements and proprietary fund type 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. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Classifications

In the fund financial statements, governmental funds report the following components of fund balance which comprise a hierarchy based on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Restricted Fund Balances

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The Township of Deerfield report the following restricted fund balances.

Special Revenue Funds

- Municipal Road Fund - The Municipal Road Fund is used in the Township to account for revenues received from a tax levy for maintenance and street improvements.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Fiscal Year Ended March 31, 2014

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Program Special Assessments

- The Fire Fund accounts for special assessments collected for the purpose of fire protection and emergency services provided by the Hartland Deerfield Fire Authority.
- Compliance Impact and Benefit Fund - accounts for gravel mining royalty revenue that is used for costs of compliance with environmental laws and regulations related to gravel mining, including road repairs and for general government activities.
- Lake Level Maintenance and Improvement Special Assessment Funds-
  - Hidden Lake
  - Lobdell Lake
  - Ryan Lake
  - Katrine Hills
  - Walker Reservoir/Faussett Lake

##### Unassigned Fund Balance

Unassigned fund balance is the residual classification for the Township's General Fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Township Board.

The Township of Deerfield does not have a formal minimum fund balance policy.

##### Other Financing Sources (Uses)

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

#### NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### Budgets and Budgetary Accounting

The annual budget is prepared by the Township supervisor and after a public budget hearing is held, adopted by the Township Board at an open meeting of the board. The Township Board approves all subsequent amendments to the budget. The General Fund and Special Revenue Funds are under formal budgetary control. The budgets have been prepared on the modified accrual basis of accounting, which is in accordance with generally accepted accounting principles. The budgets have been adopted at the activity level. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. Unexpended appropriations lapse at year end.

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE C--CASH AND INVESTMENTS

Michigan Compiled Laws (MCL), Section 129.91, authorizes the Township treasurer to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township's retirement plan investments are held in trust by the investment fiduciary, Nationwide Trust Company. Michigan Compiled Laws, Section 38.1135, authorizes the Township's retirement plan investment fiduciary to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property.

Deposits are carried at cost. Deposits of the Township are at three banks in the name of the Township. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in the instruments described in the preceding paragraph. The Township's deposits are in accordance with statutory authority.

The risk disclosures for the Township's deposits at March 31, 2014, as required by the Governmental Accounting Standards Board (GASB) Statement No. 40, are as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 1,314,104	\$ 91,770	\$ 1,000	\$ 1,406,874
Investments	<u>-</u>	<u>-</u>	<u>259,598</u>	<u>259,598</u>
Total	<u>\$ 1,314,104</u>	<u>\$ 91,770</u>	<u>\$ 260,598</u>	<u>\$ 1,666,472</u>

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE C--CASH AND INVESTMENTS (Continued)

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 1,406,574
Investment in Pension Benefits	259,598
Petty Cash and Cash on Hand	<u>300</u>
Total	<u>\$ 1,666,472</u>

Non-negotiable certificates of deposits that are placed by the depositors directly with financial institutions and that are subject to a penalty if redeemed before maturity are treated as bank deposits. Because nonnegotiable certificates of deposits are deposits, no interest rate risk or credit risk disclosures are required, which are limited to investments.

Investments Authorized by the Township's Investment Policy

The Township's investment policy only authorizes investment in all those that are authorized by law.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in funds which hold diverse investments that are authorized by law for direct investment.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Fiscal Year Ended March 31, 2014

#### NOTE C--CASH AND INVESTMENTS (Continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

The bank balances of the primary government's deposits are \$1,888,830, of which \$609,139 is covered by Federal depository insurance. The remaining \$1,279,691 is uncollateralized.

#### NOTE D--RECEIVABLES

##### Taxes Receivable--Delinquent

The taxes receivable-delinquent of \$10,707 in the Municipal Road Fund consists of uncollected real property taxes levied December 1, 2013, which have not been collected at March 31, 2014. Also, the General Fund had \$775 recorded as delinquent personal taxes receivable as of March 31, 2014.

##### Special Assessments

The special assessments receivable-delinquent, as of March 31, 2014, consist of \$20,330 for the Fire Fund, \$300 for Hidden Lake Special Assessment, \$700 for Lobdell Lake Special Assessment, \$1,760 for Ryan Lake Special Assessment, \$150 for Katrine Hills Special Assessment, and \$924 for Walker Reservoir/Faussett Lake Special Assessment. The receivables were created when the Township and the residents in the applicable assessment districts agreed to the special assessments.

##### Accounts Receivable

The Sewer Fund reports accounts receivable of \$8,282 for sewer billings placed on the tax roll that were not collected as of March 31, 2014.



DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE E--CAPITAL ASSETS

Capital asset activity of the Township's governmental funds for the current year was as follows:

<u>Governmental Activities</u>	<u>Account Balances 04/01/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Account Balances 03/31/14</u>
Capital Assets Not Being Depreciated				
Land	\$ 3,404,063	\$ -	\$ -	\$ 3,404,063
Land Improvements	152,252	-	-	152,252
Park Land Improvements	37,289	-	-	37,289
Subtotal	3,593,604	-	-	3,593,604
Capital Assets Being Depreciated				
Land Improvements	107,680	2,600	-	107,680
Communications Tower	84,000	-	-	84,000
Buildings	1,391,453	5,075	-	1,391,453
Equipment and Furniture	129,724	948	-	130,672
Subtotal	1,712,857	8,623	-	1,713,805
Less Accumulated Depreciation				
Land Improvements	97,073	10,670	-	107,743
Communications Tower	18,900	2,100	-	21,000
Buildings	363,448	36,737	-	400,185
Equipment and Furniture	106,634	4,520	-	111,154
Subtotal	586,055	54,027	-	640,082
Net Capital Assets Being Depreciated	1,126,803	(45,404)	-	1,081,399
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	\$ 4,720,407	\$ (45,404)	\$ -	\$ 4,675,003

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE E--CAPITAL ASSETS (Continued)

Capital asset activity of the Township's enterprise fund for the current year was as follows:

<u>Business-Type Activities</u>	<u>Account Balances 04/01/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Account Balances 03/31/14</u>
Capital Assets Not Being Depreciated				
Land	\$ 14,077	\$ -	\$ -	\$ 14,077
Subtotal	<u>14,077</u>	<u>-</u>	<u>-</u>	<u>14,077</u>
Capital Assets Being Depreciated				
Sewage Disposal System	<u>2,223,448</u>	<u>-</u>	<u>-</u>	<u>2,223,448</u>
Subtotal	<u>2,223,448</u>	<u>-</u>	<u>-</u>	<u>2,223,448</u>
Less Accumulated Depreciation				
Sewage Disposal System	<u>655,595</u>	<u>24,140</u>	<u>-</u>	<u>679,735</u>
Subtotal	<u>655,595</u>	<u>24,140</u>	<u>-</u>	<u>679,735</u>
Net Capital Assets Being Depreciated	<u>1,567,853</u>	<u>(24,140)</u>	<u>-</u>	<u>1,543,713</u>
Business-Type Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 1,581,930</u>	<u>\$ (24,140)</u>	<u>\$ -</u>	<u>\$ 1,557,790</u>

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

Governmental Activities	
General Government	\$ 37,977
Public Safety	12,941
Recreation and Culture	<u>3,109</u>
Total Governmental Activities	<u>\$ 54,027</u>
Business-Type Activities	
Sewer	<u>\$ 24,140</u>
Total Business-Type Activities	<u>\$ 24,140</u>

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE F--INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The amounts of the interfund receivables and payables for the Township are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 155,163	Fire	\$ 154,163
		Agency	1,000
Total	<u>\$ 155,163</u>		<u>\$ 155,163</u>

The \$154,163 due to the General Fund from the Fire Fund is an inter-fund loan to finance the operations of the fire department until the costs are recovered through future years' assessments.

The \$1,000 due to the General Fund from the Agency Fund is an imprest cash balance in the tax collection bank account used to avoid bank fees. The advance from the General Fund will only be paid back when the Township is no longer statutorily required to collect taxes.

The 2014 operating transfers can be summarized as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers (Out)</u>
Fire	\$ 81,200	General	\$ 81,200
Totals	<u>\$ 81,200</u>		<u>\$ 81,200</u>

The General Fund transferred \$81,200 to the Fire Fund as an appropriation to assist in funding the fire department's operations.

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE G--LONG-TERM DEBT

The Township issues bonds and uses installment purchase agreements to provide for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Township contractual agreements and installment purchase agreements are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties 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. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Balances</u> <u>04/01/13</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balances</u> <u>03/31/14</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>				
Installment Loan with First National Bank in Howell for a municipal building (Fire Hall) (Bernco Inc. assigned an installment purchase agreement to First National Bank in Howell) renewed December 2008	<u>\$ 32,674</u>	<u>\$ (32,674)</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>32,674</u>	<u>(32,674)</u>	<u>-</u>	<u>-</u>
Total Reporting Entity Activities	<u><u>\$ 32,674</u></u>	<u><u>\$ (32,674)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

There are no debt service requirements for the Township at March 31, 2014.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Fiscal Year Ended March 31, 2014

#### NOTE H--EMPLOYEES' RETIREMENT PLAN

##### Deerfield Township Trust Retirement Plan

The Township has a retirement plan titled "Deerfield Township Trust" (Plan) which was established on December 14, 2006. The Township offers its employees this defined contribution plan, which was created in accordance with Internal Revenue Code Section 401(a). The Plan is available to all full time employees and elected officials. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investment transactions. The Plan assets are invested by Nationwide Trust Company, FSB, the custodian and trustee for the Plan. The Township acts as a public plan sponsor for the retirement plan.

Each employee who is employed on the effective date of the Plan shall be eligible for coverage on that day provided he/she meets the following requirements, otherwise to be eligible on the first policy anniversary on which he/she meets them:

- 1) Completed at least one year of continuous employment; and
- 2) 18 years or older.

The Township contributes 10% of the employees' annual compensation, based on the contribution provisions set up in the plan and trust agreement. The Township's total payroll for April 1, 2013 through March 31, 2014 was \$241,862. The Township made contributions of \$47,113 for fiscal year ending March 31, 2014. Employees do not contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the Township.

Exhibit I details the activity in the Pension Trust Fund.

#### NOTE I--DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all Township employees, permits them to defer a portion of their salary until future years. The assets of the Plan are held in annuity contracts described in Internal Revenue Code Section 457, for the exclusive benefit for the participants (employees) and their beneficiaries. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan assets are held in trust for the exclusive benefit of participating employees and are not assessable by the government or its creditors. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32 requirements, plan balances and activities are not reflected in the Township's financial statements.

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended March 31, 2014

NOTE J--POST-EMPLOYMENT BENEFITS

Except for the pension plan and deferred compensation plan, the Township does not offer post-employment benefits to its employees or elected officials.

NOTE K--RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township continues to carry commercial insurance for property, liability, wrongful acts, crime, inland marine, and other risks of loss including workers' compensation and accident insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended March 31, 2014**

**EXHIBIT J**

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 178,000	\$ 178,000	\$ 194,022	\$ 16,022
Licenses and Permits	20,000	20,000	37,273	17,273
State Grants	300,000	300,000	310,369	10,369
Charges for Services	4,700	4,700	10,105	5,405
Fines and Forfeitures	500	500	-	(500)
Interest and Rentals	6,500	6,500	7,066	566
Other Revenue	5,000	5,000	12,896	7,896
Total Revenues	514,700	514,700	571,731	57,031
Expenditures				
Current				
General Government	382,950	382,950	357,891	25,059
Public Safety	500	500	410	90
Public Works	7,500	7,500	7,397	103
Health and Welfare	2,800	2,800	1,800	1,000
Community and Economic Development	38,900	38,900	35,447	3,453
Other	39,000	39,000	38,012	988
Capital Outlay	9,000	9,000	8,623	377
Total Expenditures	480,650	480,650	449,580	31,070
Excess of Revenues Over (Under) Expenditures	34,050	34,050	122,151	88,101
Other Financing Sources (Uses)				
Interfund Transfers (Out)	(81,200)	(81,200)	(81,200)	-
Total Other Financing Sources (Uses)	(81,200)	(81,200)	(81,200)	-
Net Change in Fund Balance	(47,150)	(47,150)	40,951	88,101
Fund Balance--April 1, 2013	764,309	764,309	764,309	-
Fund Balance--March 31, 2014	<u>\$ 717,159</u>	<u>\$ 717,159</u>	<u>\$ 805,260</u>	<u>\$ 88,101</u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR SPECIAL REVENUE FUND  
MUNICIPAL ROAD FUND  
For the Fiscal Year Ended March 31, 2014**

**EXHIBIT K**

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 148,000	\$ 148,000	\$ 153,698	\$ 5,698
State Grants	-	-	4,248	4,248
Interest and Rentals	600	600	731	131
Total Revenues	148,600	148,600	158,677	10,077
Expenditures				
Public Works	202,000	202,000	168,348	33,652
Total Expenditures	202,000	202,000	168,348	33,652
Excess of Revenues Over (Under) Expenditures	(53,400)	(53,400)	(9,671)	43,729
Fund Balance--April 1, 2013	439,864	439,864	439,864	-
Fund Balance--March 31, 2014	<u>\$ 386,464</u>	<u>\$ 386,464</u>	<u>\$ 430,193</u>	<u>\$ 43,729</u>

**The Notes to Financial Statements are an integral part of this statement.**



**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR SPECIAL REVENUE FUND  
FIRE FUND  
For the Fiscal Year Ended March 31, 2014**

**EXHIBIT L**

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Interest and Rentals	\$ 100	\$ 100	\$ 91	\$ (9)
Other Revenue	236,520	236,520	236,520	-
Total Revenues	236,620	236,620	236,611	(9)
Expenditures				
Public Safety	263,768	263,768	263,237	531
Debt Service				
Principal	32,737	32,737	32,674	63
Interest	1,263	1,263	1,263	-
Total Expenditures	297,768	297,768	297,174	594
Excess of Revenues Over (Under) Expenditures	(61,148)	(61,148)	(60,563)	585
Other Financing Sources (Uses)				
Interfund Transfers In	81,200	81,200	81,200	-
Total Other Financing Sources (Uses)	81,200	81,200	81,200	-
Net Change in Fund Balance	20,052	20,052	20,637	585
Fund Balance--April 1, 2013	-	-	-	-
Fund Balance--March 31, 2014	<u>\$ 20,052</u>	<u>\$ 20,052</u>	<u>\$ 20,637</u>	<u>\$ 585</u>

**The Notes to Financial Statements are an integral part of this statement.**

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 March 31, 2014

EXHIBIT M

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	
	Hidden Lake Special Assessment	Lobdell Lake Special Assessment	Ryan Lake Special Assessment	Katrine Hills Special Assessment	Walker Reservoir/ Faussett Lake	Compliance Impact and Benefit	Deerfield Hills Park	Total
<b><u>ASSETS</u></b>								
Cash	\$ 3,989	\$ 21,204	\$ 17,561	\$ 3,035	\$ 42,097	\$ 24,620	\$ 1,988	\$ 114,494
Receivables								
Special Assessments	300	700	1,760	150	924	-	-	3,834
Total Assets	<u>\$ 4,289</u>	<u>\$ 21,904</u>	<u>\$ 19,321</u>	<u>\$ 3,185</u>	<u>\$ 43,021</u>	<u>\$ 24,620</u>	<u>\$ 1,988</u>	<u>\$ 118,328</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
Liabilities								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-	-
Fund Balances								
Restricted for								
Program Special Assessments	4,289	21,904	19,321	3,185	43,021	24,620	-	116,340
Capital Projects	-	-	-	-	-	-	1,988	1,988
Total Fund Balances	<u>4,289</u>	<u>21,904</u>	<u>19,321</u>	<u>3,185</u>	<u>43,021</u>	<u>24,620</u>	<u>1,988</u>	<u>118,328</u>
Total Liabilities and Fund Balances	<u>\$ 4,289</u>	<u>\$ 21,904</u>	<u>\$ 19,321</u>	<u>\$ 3,185</u>	<u>\$ 43,021</u>	<u>\$ 24,620</u>	<u>\$ 1,988</u>	<u>\$ 118,328</u>

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended March 31, 2014**

**EXHIBIT N**

	<b>SPECIAL REVENUE FUNDS</b>						<b>CAPITAL PROJECTS FUND</b>	
	<u>Hidden Lake Special Assessment</u>	<u>Lobdell Lake Special Assessment</u>	<u>Ryan Lake Special Assessment</u>	<u>Katrine Hills Special Assessment</u>	<u>Walker Reservoir/ Faussett Lake</u>	<u>Compliance Impact and Benefit</u>	<u>Deerfield Hills Park</u>	<u>Total</u>
Revenues								
Interest and Rents	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 37	\$ 2,000	\$ 2,047
Other	<u>3,900</u>	<u>15,225</u>	<u>9,900</u>	<u>3,300</u>	<u>9,000</u>	<u>-</u>	<u>5,000</u>	<u>46,325</u>
Total Revenues	<u>3,900</u>	<u>15,225</u>	<u>9,900</u>	<u>3,300</u>	<u>9,010</u>	<u>37</u>	<u>7,000</u>	<u>48,372</u>
Expenditures								
Current								
Public Works	3,412	13,018	5,942	3,062	10,786	-	-	36,220
Recreation and Culture	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,375</u>	<u>7,375</u>
Total Expenditures	<u>3,412</u>	<u>13,018</u>	<u>5,942</u>	<u>3,062</u>	<u>10,786</u>	<u>-</u>	<u>7,375</u>	<u>43,595</u>
Excess of Revenues Over (Under) Expenditures	<u>488</u>	<u>2,207</u>	<u>3,958</u>	<u>238</u>	<u>(1,776)</u>	<u>37</u>	<u>(375)</u>	<u>4,777</u>
Fund Balance--April 1, 2013	<u>3,801</u>	<u>19,697</u>	<u>15,363</u>	<u>2,947</u>	<u>44,797</u>	<u>24,583</u>	<u>2,363</u>	<u>113,551</u>
Fund Balance--March 31, 2014	<u>\$ 4,289</u>	<u>\$ 21,904</u>	<u>\$ 19,321</u>	<u>\$ 3,185</u>	<u>\$ 43,021</u>	<u>\$ 24,620</u>	<u>\$ 1,988</u>	<u>\$ 118,328</u>

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Fiscal Year Ended March 31, 2014**

**EXHIBIT O**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Taxes				
Current Property Taxes	\$ 138,000	\$ 138,000	\$ 143,115	\$ 5,115
Payments-in-Lieu-of Taxes	-	-	528	528
Property Tax Administration Fees	40,000	40,000	50,379	10,379
Total Taxes	178,000	178,000	194,022	16,022
Licenses and Permits				
Cable Franchise Fees	20,000	20,000	34,610	14,610
Land Use Permits	-	-	2,663	2,663
Total Licenses and Permits	20,000	20,000	37,273	17,273
State Grants				
Revenue Sharing	300,000	300,000	310,369	10,369
Total State Grants	300,000	300,000	310,369	10,369
Charges for Services				
Zoning Fees	4,000	4,000	8,262	4,262
Other Administration Fees	500	500	1,803	1,303
Copies and Printed Materials Sales	200	200	40	(160)
Total Charges for Services	4,700	4,700	10,105	5,405
Fines and Forfeitures				
Bond Forfeitures	500	500	-	(500)
Total Fines and Forfeitures	500	500	-	(500)
Interest and Rents				
Interest Earned	1,100	1,100	1,415	315
Rent	5,400	5,400	5,651	251
Total Interest and Rents	6,500	6,500	7,066	566
Other Revenue				
Insurance Recoveries	-	-	3,449	3,449
Election Reimbursements	5,000	5,000	9,375	4,375
Other Reimbursements	-	-	72	72
Total Other Revenue	5,000	5,000	12,896	7,896
Total Revenues	\$ 514,700	\$ 514,700	\$ 571,731	\$ 57,031

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES--BY ACTIVITY**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Fiscal Year Ended March 31, 2014**

**EXHIBIT P**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
General Government				
Township Board	\$ 24,150	\$ 24,150	\$ 23,141	\$ 1,009
Supervisor	48,000	48,000	47,857	143
Clerk	88,000	88,000	84,956	3,044
Board of Review	2,000	2,000	1,695	305
Other General Services--Administration	43,940	43,940	38,137	5,803
Treasurer	71,500	71,500	65,571	5,929
Assessor	33,000	33,000	32,245	755
Elections	3,000	3,000	2,672	328
Building and Grounds	37,500	37,500	31,976	5,524
Attorney	18,000	18,000	15,781	2,219
Audit	13,860	13,860	13,860	-
Total General Government	382,950	382,950	357,891	25,059
Public Safety				
Fire	500	500	410	90
Total Public Safety	500	500	410	90
Public Works				
Drains-at-Large Assessments	7,500	7,500	7,397	103
Total Public Works	7,500	7,500	7,397	103
Health and Welfare				
Community Action Programs	2,800	2,800	1,800	1,000
Total Health and Welfare	2,800	2,800	1,800	1,000
Community and Economic Development				
Planning Commission	8,000	8,000	5,419	2,581
Zoning Administration Department	24,700	24,700	23,926	774
ZBA Department	1,200	1,200	1,102	98
Economic Development	5,000	5,000	5,000	-
Total Community and Economic Development	38,900	38,900	35,447	3,453
Other				
Insurance and Bonds	39,000	39,000	38,012	988
Total Other	39,000	39,000	38,012	988
Capital Outlay	9,000	9,000	8,623	377
Total Capital Outlay	9,000	9,000	8,623	377
Total Expenditures	480,650	480,650	449,580	31,070
Other Financing Uses				
Operating Transfers (Out)				
Fire Fund	81,200	81,200	81,200	-
Total Other Financing Uses	81,200	81,200	81,200	-
Total Expenditures and Other Financing Uses	\$ 561,850	\$ 561,850	\$ 530,780	\$ 31,070



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

R. KEVIN CLINTON  
STATE TREASURER

August 20, 2014

Township Board  
Township of Deerfield  
4492 Center Road  
Linden, Michigan 48451

Independent Auditor's Report

RE: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

Dear Board Members:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Deerfield, Livingston County, Michigan, as of and for the fiscal year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Township of Deerfield's basic financial statements, have issued our report thereon dated August 20, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Township of Deerfield's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Deerfield's internal control. Accordingly, we do not express an opinion on the effectiveness of Township of Deerfield'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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Deerfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Township of Deerfield's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Deerfield's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

R. KEVIN CLINTON  
STATE TREASURER

August 20, 2014

Township Board  
Township of Deerfield  
4492 Center Road  
Linden, Michigan 48451

Re: Report to Those Charged With Governance

Dear Board Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deerfield Township, Livingston County, Michigan for the fiscal year ended March 31, 2014, and have issued our report thereon dated August 20, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in the engagement letter dated September 28, 2012, 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 accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Deerfield Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Deerfield Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Other information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described in professional standards, is to evaluate the presentation of supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods



of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting about planning matters May 28, 2014, with management.

#### Significant Results of the Audit

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Deerfield Township are described in Note A to the financial statements. We noted no transactions entered into by Deerfield Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities in the government-wide statements was depreciation.

Management's estimate of the depreciation is based on the straight-line method in accordance with generally accepted accounting principles. We evaluated the key factors and assumptions used to develop the estimated depreciation in determining that it is reasonable in relation to the financial statements, taken as a whole.

#### Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements With Management

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 the audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter August 20, 2014.

### Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Deerfield Township Board and management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



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