

**Charter Township of Redford
Wayne County, Michigan**

**Financial Report
with Supplemental Information
March 31, 2013**

Charter Township of Redford

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Charter Township of Redford

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Independent Auditor's Report

To the Board of Directors
Charter Township of Redford

Report on the Financial Statements

We have audited the accompanying financial statements 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 Redford (the "Township"), as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Charter Township of Redford's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Redford as of March 31, 2013 and the respective changes in its financial position, and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Charter Township of Redford

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Redford's basic financial statements. The other supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information 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 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 other supplemental information is 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 September 4, 2013 on our consideration of the Charter Township of Redford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Charter Township of Redford's internal control over financial reporting and compliance.

Plante & Moran, PLLC

August 27, 2013

Charter Township of Redford

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Redford's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2013. Please read it in conjunction with the Township's financial statements and notes to the financial statements that follow.

Financial Highlights

- State-shared revenue, our second largest revenue source, declined approximately \$33,000 for the year ended March 31, 2013 to \$4,582,000.
- Short-term interest rates continue to remain low and are expected to stay that way for some time. Investment earnings in the General Fund decreased slightly from the previous year at \$34,000 for fiscal year 2013 compared to \$41,000 in 2012. We expect future earnings to continue at the same level, with the federal funds rate policy continuing at 0 percent to .25 percent and our reduced invested cash balances due to lower revenue.
- Employee and postemployment healthcare costs for fiscal year 2013 remained fairly level with FY 2012 at \$6,950,000, of which \$4,320,000 was paid for retiree healthcare, a similar level to prior year, and \$2,630,000 was paid for active employees. Healthcare costs have increased by \$3,450,000 from the 2001 annual amount of \$3,500,000. This increase of almost 100 percent is considerably well above the CPI inflation rate.
- In August 2012, the voters in Redford approved the Police and Fire Special Assessment district, in accordance with P.A. 33. As a result, the General Fund realized an increase in property tax revenue dedicated to police and fire operations. This additional millage was instrumental in offsetting the decrease in overall governmental activities revenue, resulting in an increase in operating tax revenue of \$1,349,000.
- Total net position related to the Township's governmental activities increased by approximately \$1,168,000. The increase is mostly attributable to the realization of additional property tax revenue relative to a new millage and an increase in federal grant funding specific to the Drug Law Enforcement Fund. The Township also put measures into place to help reduce overall general government operating expenditures.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position (deficit) and the statement of activities provide information about 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.

Charter Township of Redford

Management's Discussion and Analysis (Continued)

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

The Township as a Whole

The following table shows, in a condensed format, the approximate net position as of March 31, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Cash and investments	\$ 22,351,000	\$ 18,218,000	\$ 10,571,000	\$ 11,194,000	\$ 32,922,000	\$ 29,412,000
Other current assets	12,054,000	11,232,000	4,125,000	3,888,000	16,179,000	15,120,000
Capital assets	21,033,000	22,150,000	42,048,000	42,660,000	63,081,000	64,810,000
Other noncurrent assets	134,000	147,000	188,000	158,000	322,000	305,000
Total assets	55,572,000	51,747,000	56,932,000	57,900,000	112,504,000	109,647,000
Liabilities						
Current liabilities	4,380,000	3,183,000	1,588,000	1,530,000	5,968,000	4,713,000
Long-term liabilities	29,870,000	28,410,000	11,077,000	10,291,000	40,947,000	38,701,000
Total liabilities	34,250,000	31,593,000	12,665,000	11,821,000	46,915,000	43,414,000
Net Position						
Net investment in capital assets	8,533,000	8,490,000	34,738,000	33,802,000	43,271,000	42,292,000
Restricted	8,623,000	6,772,000	341,000	610,000	8,964,000	7,382,000
Unrestricted	4,166,000	4,892,000	9,188,000	11,667,000	13,354,000	16,559,000
Total net position	<u>\$ 21,322,000</u>	<u>\$ 20,154,000</u>	<u>\$ 44,267,000</u>	<u>\$ 46,079,000</u>	<u>\$ 65,589,000</u>	<u>\$ 66,233,000</u>

The current level of unrestricted net position for our governmental activities stands at \$4,166,000.

Charter Township of Redford

Management's Discussion and Analysis (Continued)

The following table shows the approximate changes in net position for the years ended March 31, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program revenue:						
Charges for services	\$ 5,736,000	\$ 6,290,000	\$ 17,447,000	\$ 16,865,000	\$ 23,183,000	\$ 23,155,000
Operating grants	6,339,000	4,116,000	-	-	6,339,000	4,116,000
Capital grants	771,000	840,000	-	-	771,000	840,000
General revenue:						
Property taxes	19,037,000	17,688,000	-	-	19,037,000	17,688,000
State-shared revenue	4,582,000	4,615,000	-	-	4,582,000	4,615,000
Investment income	27,000	82,000	160,000	157,000	187,000	239,000
Gain on sale of assets	14,000	5,000	26,000	36,000	40,000	41,000
Transfers and other revenue	1,680,000	2,951,000	-	-	1,680,000	2,951,000
Total revenue	38,186,000	36,587,000	17,633,000	17,058,000	55,819,000	53,645,000
Program Expenses						
General government	3,545,000	4,152,000	-	-	3,545,000	4,152,000
District Court	2,273,000	2,197,000	-	-	2,273,000	2,197,000
Public safety	21,946,000	21,450,000	-	-	21,946,000	21,450,000
Public works	5,327,000	6,288,000	-	-	5,327,000	6,288,000
Health and welfare	346,000	430,000	-	-	346,000	430,000
Community and economic development	2,841,000	3,464,000	-	-	2,841,000	3,464,000
Recreation and cultural	161,000	617,000	-	-	161,000	617,000
Interest on long-term debt	579,000	356,000	-	-	579,000	356,000
Water and sewer	-	-	16,838,000	13,744,000	16,838,000	13,744,000
Golf course	-	-	1,246,000	1,171,000	1,246,000	1,171,000
Senior housing	-	-	485,000	454,000	485,000	454,000
Protective inspection	-	-	876,000	750,000	876,000	750,000
Total expenses	37,018,000	38,954,000	19,445,000	16,119,000	56,463,000	55,073,000
Change in Net Position	\$ 1,168,000	\$ (2,367,000)	\$ (1,812,000)	\$ 939,000	\$ (644,000)	\$ (1,428,000)

The Township is a mature community that developed post-World War II as an early suburban community. Because of our fully developed status, there is little space for new development and tax-base growth. Our efforts are being redirected at redevelopment, especially of commercial, industrial, and public lands.

A large financial investment has occurred by the developer in a partnership with the Township. Currently, the development of the old Detroit Catholic Central property, known as the Shamrock Village Subdivision project located in the area of Breakfast Drive just north of Interstate 96 between the major intersections of Beech Daly and Inkster roads, continues to progress and move forward. It is comprised of a Phase I and Phase II development that will provide additional housing stock, a senior housing component, and improved infrastructure to the community.

Charter Township of Redford

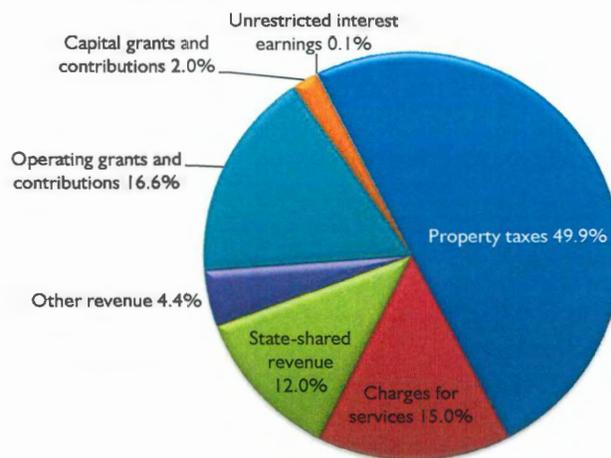
Management's Discussion and Analysis (Continued)

Governmental Activities

Local property taxes and state-shared revenue make up approximately 62 percent, or \$23,619,000, of the Township's total governmental revenue of \$38,186,000. The majority of the remaining amount of revenue is relative to charges for services and operating and capital grants.

The largest area of expenditures is in the public safety and criminal justice activities, costing approximately \$21,946,000, or 59 percent of the total governmental expenses. The public works activities, including solid waste disposal, cost approximately \$5,327,000, or 14 percent of expenses. The remaining \$9,745,000 of expenses, or 27 percent, pays for recreation, community development, health and welfare, general government activities, and interest on debt.

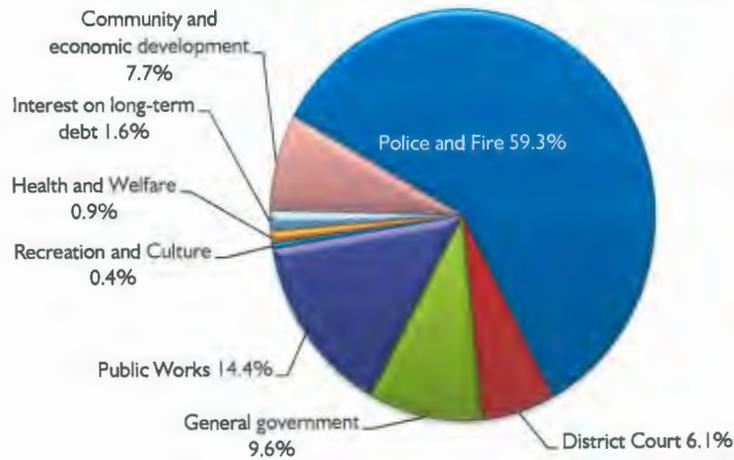
Revenue by Source - Governmental Activities



Charter Township of Redford

Management's Discussion and Analysis (Continued)

Expenses by Activity - Governmental Activities



Business-type Activities

The business-type activities consist of the Water and Sewer Fund, the Golf Course Fund, the Senior Citizen Housing Fund, and the Protective Inspection Fund.

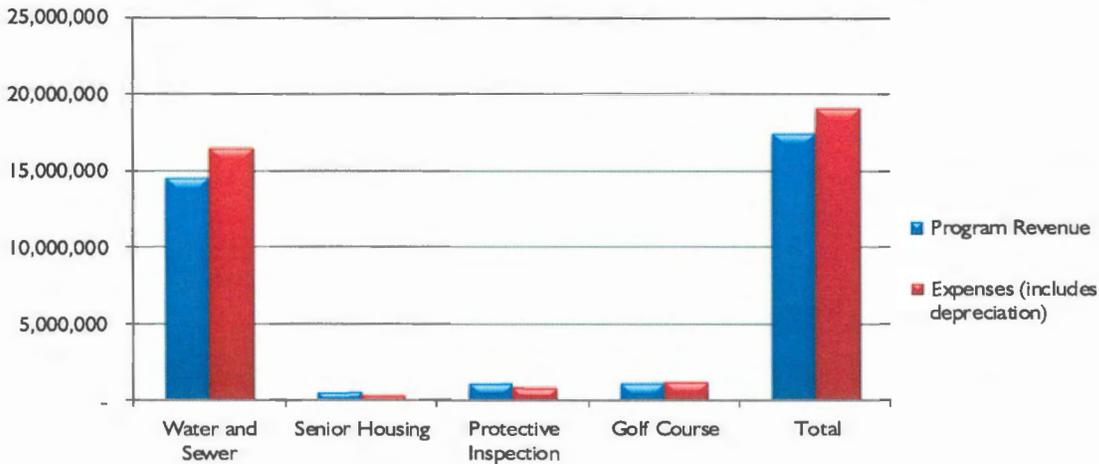
Revenue by Source - Business-type Activities



Charter Township of Redford

Management's Discussion and Analysis (Continued)

Expenses and Program Revenue - Business-type Activities



- The Township provides water and sewer services to residents and businesses connected to the system. The system generates revenue from customers of the system such that the system is financially self-sufficient and not reliant on taxes. The Township purchases water as a wholesale customer of the Detroit Water and Sewer Department. There was an overall increase of 4.1 percent to deliver those services to the residents. The Township, through our engineering consultants, developed a system of controls to monitor nonrevenue water on a continual timely basis. The methodology identifies changes in water volume, pressure, and source locations that can be evaluated daily or more often if needed. Implementation of these controls resulted in a significant reduction in the water loss percentage. As of March 31, 2013, the Water and Sewer Fund had an operating deficit for the first time in nine years. This is specifically relative to a memorandum of understanding entered into with the City of Detroit and the City of Dearborn Heights for a joint capital improvement project for the upper Rouge Tunnel. The fund realized an operating deficit of approximately \$2,047,000 and a decrease in net position of approximately \$2,111,000. The Township operates a combined sewerage transmission system that collects sanitary sewerage from customers and storm water run-off during rain events for delivery to the Detroit sewerage treatment facility.
- The Township owns and operates Glenhurst Municipal Golf Course as a business-type activity. The Township has contracted with a third party to oversee and manage the operations of the facility. The operations of the golf course have continually generated sufficient surpluses to provide resources for major reinvestment in the golf course infrastructure. Several years ago, an \$800,000 renovation project was completed on the course. The improvements have been well received by our regular patrons. The capital improvements and renovations were paid from retained earnings.

Charter Township of Redford

Management's Discussion and Analysis (Continued)

- The golf course operations produced a deficit of \$68,000 in FY 2013 after depreciation. The golf course experienced a sales decrease of \$61,000 while operating expenses increased by \$74,000 from the previous year. The revenue reduction can be attributed to the fact that the Township experienced some very unusually warm winter months in the prior fiscal year. As a result, the course was being utilized at what would normally have been down time for their operations. Operating expenses increased as a result of an increase in the management fee and the cost of property and liability insurance.
- The Township owns and operates a 92-unit independent-living senior citizens apartment complex named Minock Meadows, available to current and former residents and family members of residents. The facility provides reasonably priced market-rate housing for self-sufficient seniors interested in remaining in the Township. The financial results show an operating surplus of \$201,000 after depreciation and before debt service. The facility was opened on October 1, 1993. The construction was financed by issuing bonds, of which \$1,595,000 of principal remains outstanding.
- The Protective Inspection Fund is operated as a business-type activity. The fund accounts for activities related to building and construction code enforcement. The goal of the operation is to generate sufficient revenues from building ordinance code fees to support the cost of operations. For fiscal year 2013, the fund operated at a surplus, not requiring a General Fund supplement for the fourth year in a row. The turnaround is a result of increased revenue from registrations, inspections, and other ordinance enforcement activities while continuing to maintain operating expenses accordingly.

Financial Analysis of the Township's Funds

Our analysis of the major funds is included in Note I, following the government-wide financial statements. The fund financial statements provide detail 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 solid waste, special grants, and capital projects. The Township's major governmental funds for fiscal year 2013 were the General Fund and the Sidewalk Improvement Fund.

- The General Fund pays for most of the Township's governmental services. The most costly services are police and fire, which incurred expenses of approximately \$19,314,000 in fiscal year 2013. These two activities are partially funded by three police and fire millages. During the current year, this amounted to approximately \$5,276,000 (of which \$2,782,000 is further restricted as to use) for police and fire operations and \$6,640,000 for the retirement system. The remaining \$7,398,000 operating cost of the police and fire departments is funded by other revenue of the General Fund. In addition, the General Fund pays for the cost of general governmental services including District Court, probation and criminal justice activities, treasury and financial operations, central staff services, recreation, public works, and various other activities exceeding \$7,492,000.

Charter Township of Redford

Management's Discussion and Analysis (Continued)

- The Township operates a sidewalk improvement capital projects special assessment program, known as the Sidewalk Improvement Fund. Township ordinance officers cite hazardous sidewalks for replacement by the property owner. If the property owner does not make the repair within a reasonable time, the Township replaces the sidewalks and assesses the property. Payments can be made in full or will be assessed with interest on a five-year amortization schedule. The annual payments are collected on the property tax bill. For the 2013 fiscal year, nearly \$732,000 in sidewalks were replaced and \$704,000 in revenue received. The current accounts receivable balance at year end was \$1,305,000.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account changing events. An amendment was passed, in accordance with budgetary accounting policies, increasing estimated revenue by \$3,086,000. This increase can be attributed to the additional police and fire millage approved by the voters as well as additional federal grant revenue anticipated to be received as of March 31.

The budgetary variance in revenues that occurred as of fiscal year end was a result of an increase in chargebacks received from Wayne County through the tax settlement process. This equated to a multiple-year reduction of approximately 36 percent of the delinquent amount sent to the county.

Capital Asset and Debt Administration

At the end of the fiscal year, the Township had nearly \$63,081,000 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines, net of related accumulated depreciation. The capital made up 54 percent of the Township's total assets amount of \$116,079,000 (including component units). Capital expenditures programs remained at a reduced level for the 2013 fiscal year.

Additional information on the Township's capital assets can be found in Note 4 of this report.

The long-term debt amount (including component units) of \$26,710,000 is related to the investment in capital assets and a Brownfield Redevelopment project. At the end of the fiscal year, the Township had \$12.8 million in debt in the governmental-type activities while business-type activities had \$7.3 million outstanding, with 77 percent of that amount in the Water and Sewer Fund and \$6.6 million in component unit debt.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for the 2013-2014 fiscal year anticipates a moderate reduction in operating property tax revenue of \$222,000. The police and fire pension millage, street lighting millage, and Police and Fire Special Assessment District are to be established to cover costs. For consideration, the police and fire operating millage, approved under P.A. 327 in August 1994, will expire after being levied on December 1, 2013.

Charter Township of Redford

Management's Discussion and Analysis (Continued)

The Township has seen, over the past few years, a severe decline in housing values reflective of the national housing and mortgage crisis. Unfortunately, the Township is also experiencing a large number of tax appeals by commercial and industrial property owners. Our expectation for the following year is another measurable decrease in taxable values. The state-wide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent.

Water and sewer rates will increase in the 2014 fiscal year by just more than a 5.0 percent average. The major cause for the rate increase is supplier costs from the Detroit Water and Sewer Department and Wayne County - Rouge Valley Interceptor System.

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 any questions concerning any of the information that is provided in this report, we welcome you to contact the Township's finance department or visit our website at www.redfordtwp.com.

Charter Township of Redford

Statement of Net Position (Deficit) March 31, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 22,030,927	\$ 10,230,937	\$ 32,261,864	\$ 2,577,793
Receivables - Net (Note 3)	5,149,340	4,828,990	9,978,330	542,587
Due from component units	1,479,329	-	1,479,329	-
Due from primary government	-	-	-	28,902
Internal balances	1,224,870	(1,224,870)	-	-
Deposits	1,319,894	17,675	1,337,569	-
Prepaid expenses and other assets	257,274	404,792	662,066	-
Restricted assets (Notes 2 and 7)	320,075	340,500	660,575	-
Assets held for resale	496,942	-	496,942	-
Inventories and other assets	-	91,052	91,052	-
Due from other governmental units (Note 3)	2,126,075	6,795	2,132,870	-
Capital assets:				
Assets not subject to depreciation (Note 4)	1,343,404	2,401,333	3,744,737	192,394
Assets subject to depreciation (Note 4)	19,689,971	39,646,313	59,336,284	71,157
Unamortized bond issuance costs	133,703	188,398	322,101	162,482
Total assets	55,571,804	56,931,915	112,503,719	3,575,315
Liabilities				
Accounts payable	2,520,164	1,026,157	3,546,321	1,953,201
Due to other governmental units	534,662	3,847	538,509	-
Due to component units	28,902	-	28,902	-
Due to primary government	-	-	-	1,479,329
Accrued liabilities and other	700,008	125,984	825,992	1,183
Deferred revenue (Note 3)	114,102	-	114,102	-
Other current liabilities	482,376	74,667	557,043	-
Current portion of CSO installment agreement (Note 6)	-	357,600	357,600	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	146,008	-	146,008	-
Estimated insurance and other liabilities	500,000	-	500,000	-
Provision for property tax refunds	269,785	-	269,785	-
Current portion of long-term debt (Note 6)	1,303,968	1,153,822	2,457,790	325,000
Due in more than one year:				
Compensated absences (Note 6)	2,129,883	561,623	2,691,506	-
Estimated insurance and other liabilities (Note 8)	965,382	-	965,382	-
CSO installment agreement (Note 6)	-	2,002,899	2,002,899	-
Net OPEB obligation (Notes 12 and 13)	13,037,882	1,202,779	14,240,661	-
Long-term debt (Note 6)	11,516,671	6,155,435	17,672,106	6,255,000
Total liabilities	34,249,793	12,664,813	46,914,606	10,013,713
Net Position (Deficit)				
Net investment in capital assets	8,532,811	34,738,389	43,271,200	263,551
Restricted for:				
Road improvements	1,162,820	-	1,162,820	-
Debt service	1,119,184	340,500	1,459,684	-
Solid waste activities	1,684,394	-	1,684,394	-
CDBG/NSP/EPA/Home Grant programs	1,095,153	-	1,095,153	-
Drain improvements	881,335	-	881,335	-
Drug law enforcement	1,021,929	-	1,021,929	-
911	66,216	-	66,216	-
Other purposes	282,350	-	282,350	-
Public safety SAD	1,309,697	-	1,309,697	-
Unrestricted	4,166,122	9,188,213	13,354,335	(6,701,949)
Total net position (deficit)	\$ 21,322,011	\$ 44,267,102	\$ 65,589,113	\$ (6,438,398)

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

Charter Township of Redford

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,544,515	\$ 1,273,787	\$ 24,532	\$ 97,467
District Court	2,273,314	1,942,322	-	-
Public safety	21,945,852	1,467,550	2,440,093	34,799
Public works	5,326,913	754,450	1,073,579	529,304
Health and welfare	346,029	29,105	-	109,694
Community and economic development	2,840,814	1,325	2,774,519	-
Recreation and culture	161,392	267,285	26,090	-
Interest on long-term debt	579,583	-	-	-
Total governmental activities	37,018,412	5,735,824	6,338,813	771,264
Business-type activities:				
Water and Sewer Fund	16,837,761	14,564,266	-	-
Golf course	1,245,508	1,177,490	-	-
Senior Housing Fund	484,768	595,362	-	-
Protective inspection	876,145	1,109,502	-	-
Total business-type activities	19,444,182	17,446,620	-	-
Total primary government	\$ 56,462,594	\$ 23,182,444	\$ 6,338,813	\$ 771,264
Component units:				
Downtown Development Authority	\$ 123,007	\$ 4,672	\$ -	\$ -
Brownfield Redevelopment Financing Authority	3,560,065	-	-	-
Total component units	\$ 3,683,072	\$ 4,672	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Statement of Activities Year Ended March 31, 2013

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,148,729)	\$ -	\$ (2,148,729)	\$ -
(330,992)	-	(330,992)	-
(18,003,410)	-	(18,003,410)	-
(2,969,580)	-	(2,969,580)	-
(207,230)	-	(207,230)	-
(64,970)	-	(64,970)	-
131,983	-	131,983	-
(579,583)	-	(579,583)	-
(24,172,511)	-	(24,172,511)	-
-	(2,273,495)	(2,273,495)	-
-	(68,018)	(68,018)	-
-	110,594	110,594	-
-	233,357	233,357	-
-	(1,997,562)	(1,997,562)	-
(24,172,511)	(1,997,562)	(26,170,073)	-
-	-	-	(118,335)
-	-	-	(3,560,065)
-	-	-	(3,678,400)
19,036,930	-	19,036,930	2,384,732
4,582,228	-	4,582,228	-
27,325	159,588	186,913	3,566
845,048	-	845,048	-
834,650	-	834,650	542,587
13,935	25,933	39,868	-
25,340,116	185,521	25,525,637	2,930,885
1,167,605	(1,812,041)	(644,436)	(747,515)
20,154,406	46,079,143	66,233,549	(5,690,883)
\$ 21,322,011	\$ 44,267,102	\$ 65,589,113	\$ (6,438,398)

Charter Township of Redford

Governmental Funds Balance Sheet March 31, 2013

	General Fund	Sidewalk Improvement Fund	Nonmajor Funds	Total
Assets				
Cash and investments	\$ 8,943,343	\$ 913,710	\$ 10,598,156	\$ 20,455,209
Receivables (Note 3):				
Property taxes receivable	2,306,852	-	298,476	2,605,328
Receivables from sales to customers on account	-	1,304,666	1,176,779	2,481,445
Accrued interest receivable	36,442	-	12,572	49,014
Other receivables	-	-	13,553	13,553
Due from component units	568,370	-	910,959	1,479,329
Due from other funds (Note 5)	2,641,511	-	399,013	3,040,524
Prepaid expenses and other assets	257,274	-	-	257,274
Assets held for resale	-	-	496,942	496,942
Restricted assets	-	-	320,075	320,075
Due from other governmental units (Note 3)	1,705,144	-	420,931	2,126,075
Total assets	\$ 16,458,936	\$ 2,218,376	\$ 14,647,456	\$ 33,324,768
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,028,203	\$ -	\$ 484,799	\$ 2,513,002
Due to other governmental units	523,068	-	11,594	534,662
Due to component units	-	-	28,902	28,902
Due to other funds	101,490	-	1,730,190	1,831,680
Accrued liabilities and other	634,058	-	27,083	661,141
Deferred revenue (Note 3)	2,284,141	1,239,837	1,609,788	5,133,766
Deposits and other liabilities	482,376	-	-	482,376
Provision for property tax refunds	217,571	-	52,214	269,785
Total liabilities	6,270,907	1,239,837	3,944,570	11,455,314
Fund Balances				
Nonspendable (Note 15)	257,274	-	-	257,274
Restricted (Note 15)	1,365,765	-	7,004,793	8,370,558
Committed (Note 15)	-	-	3,079,610	3,079,610
Assigned (Note 15)	1,569	978,539	757,827	1,737,935
Unassigned (Note 15)	8,563,421	-	(139,344)	8,424,077
Total fund balances	10,188,029	978,539	10,702,886	21,869,454
Total liabilities and fund balances	\$ 16,458,936	\$ 2,218,376	\$ 14,647,456	\$ 33,324,768

Charter Township of Redford

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position (Deficit) March 31, 2013

Fund Balance Reported in Governmental Funds	\$ 21,869,454
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	21,033,375
Bond issuance costs used in governmental activities are not financial resources and are not reported in the funds	133,703
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,878,626
Delinquent personal and real property taxes are expected to be collected over several years and are not available to pay for current year expenditures	2,462,717
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(12,820,639)
Accrued interest is not due and payable in the current period and is not reported in the funds	(22,774)
Deferred revenue related to grants was not collected within 60 days of year end and is not available to pay for current year expenditures	678,321
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(2,275,891)
Net other postemployment benefits obligation is not recorded as a liability in the funds	(13,037,882)
Internal Service Funds are included as part of governmental activities	<u>1,423,001</u>
Net Position of Governmental Activities	<u>\$ 21,322,011</u>

Charter Township of Redford

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended March 31, 2013

	General Fund	Sidewalk Improvement Fund	Nonmajor Funds	Total
Revenue				
Property taxes (Note 1)	\$ 16,456,000	\$ -	\$ 2,286,857	\$ 18,742,857
Licenses and permits	936,365	-	-	936,365
Federal grants	1,242,986	-	3,984,989	5,227,975
State sources	4,743,989	-	807,949	5,551,938
Charges for services	1,545,747	631,018	373,783	2,550,548
Fines and forfeitures	2,254,961	69,855	240,625	2,565,441
Investment income	18,484	2,887	16,476	37,847
Other revenue	2,576,071	-	1,616,134	4,192,205
Total revenue	29,774,603	703,760	9,326,813	39,805,176
Expenditures - Current				
General government	4,000,659	-	-	4,000,659
District Court	2,273,314	-	-	2,273,314
Public safety	19,354,789	-	878,376	20,233,165
Public works	1,010,595	-	2,372,029	3,382,624
Health and welfare	82,170	-	256,763	338,933
Community and economic development	57,670	-	2,716,671	2,774,341
Recreation and culture:				
Parks and recreation	187,611	-	-	187,611
Parks facilities	192,139	-	-	192,139
Senior citizens	13,436	-	-	13,436
Cultural	6,856	-	-	6,856
Capital outlay	-	731,738	387,354	1,119,092
Debt service	-	-	2,077,847	2,077,847
Total expenditures	27,179,239	731,738	8,689,040	36,600,017
Excess of Revenue (Under) Over Expenditures	2,595,364	(27,978)	637,773	3,205,159
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	13,260	-	-	13,260
Transfers in	200,000	-	1,812,863	2,012,863
Transfers out	(1,450,748)	-	(362,115)	(1,812,863)
Total other financing (uses) sources	(1,237,488)	-	1,450,748	213,260
Net Change in Fund Balances	1,357,876	(27,978)	2,088,521	3,418,419
Fund Balances - Beginning of year	8,830,153	1,006,517	8,614,365	18,451,035
Fund Balances - End of year	<u>\$ 10,188,029</u>	<u>\$ 978,539</u>	<u>\$ 10,702,886</u>	<u>\$ 21,869,454</u>

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

Charter Township of Redford

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

Net Change in Fund Balances - Total Governmental Funds	\$ 3,418,419
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	686,835
Depreciation expense	(1,803,750)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	(62,850)
Governmental funds report bond issuance costs as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as amortization	(13,765)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,279,054
Change in accrued interest payable and other	(22,022)
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	181,533
Change in other postemployment liability	(3,158,817)
Internal Service Funds are included as part of governmental activities	<u>662,968</u>
Change in Net Position of Governmental Activities	<u>\$ 1,167,605</u>

Charter Township of Redford

Proprietary Funds Statement of Net Position March 31, 2013

	Enterprise Funds				Governmental
	Water and Sewer Fund	Senior Housing Fund	Nonmajor Enterprise Funds		Activities
			Total		Proprietary Internal Service Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 8,715,581	\$ 183,802	\$ 1,331,554	\$ 10,230,937	\$ 1,575,718
Receivables	4,747,347	1,643	80,000	4,828,990	-
Due from other funds	-	-	-	-	291,841
Deposits	-	-	17,675	17,675	1,319,894
Prepaid expenses and other assets	404,792	-	-	404,792	-
Inventories and other assets	91,052	-	-	91,052	-
Due from other governmental units	-	-	6,795	6,795	-
Total current assets	13,958,772	185,445	1,436,024	15,580,241	3,187,453
Noncurrent assets:					
Restricted assets (Note 7)	340,500	-	-	340,500	-
Capital assets (Note 4)	36,486,804	2,981,978	2,578,864	42,047,646	-
Unamortized bond issuance costs	186,798	1,600	-	188,398	-
Total noncurrent assets	37,014,102	2,983,578	2,578,864	42,576,544	-
Total assets	50,972,874	3,169,023	4,014,888	58,156,785	3,187,453
Liabilities					
Current liabilities:					
Accounts payable	985,618	12,590	27,949	1,026,157	7,162
Due to other governmental units	3,740	-	107	3,847	-
Due to other funds	1,058,561	-	166,309	1,224,870	275,815
Accrued liabilities and other	90,764	26,286	8,934	125,984	16,093
Other current liabilities	25,067	49,600	-	74,667	-
Current portion of installment agreement (Note 6)	357,600	-	-	357,600	-
Provision for claims	-	-	-	-	500,000
Current portion of long-term debt	1,161,032	(7,210)	-	1,153,822	-
Total current liabilities	3,682,382	81,266	203,299	3,966,947	799,070
Noncurrent liabilities:					
Compensated absences	380,467	35,750	145,406	561,623	-
Estimated insurance and other liabilities	-	-	-	-	965,382
Net other postemployment benefits obligation	1,020,641	39,281	142,857	1,202,779	-
CSO installment agreement - Net of current portion	2,002,899	-	-	2,002,899	-
Long-term debt (Note 6)	4,596,217	1,559,218	-	6,155,435	-
Total noncurrent liabilities	8,000,224	1,634,249	288,263	9,922,736	965,382
Total liabilities	11,682,606	1,715,515	491,562	13,889,683	1,764,452
Net Position					
Net investment in capital assets	30,729,555	1,429,970	2,578,864	34,738,389	-
Restricted - Debt service	340,500	-	-	340,500	-
Unrestricted	8,220,213	23,538	944,462	9,188,213	1,423,001
Total net position	<u>\$ 39,290,268</u>	<u>\$ 1,453,508</u>	<u>\$ 3,523,326</u>	<u>44,267,102</u>	<u>\$ 1,423,001</u>
Net Position of Business-type Activities				<u>\$ 44,267,102</u>	

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

Charter Township of Redford

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended March 31, 2013

	Enterprise Funds				Governmental Activities
	Water and Sewer Fund	Senior Housing Fund	Nonmajor Enterprise Funds	Total	Proprietary Internal Service Fund
Operating Revenue					
Charges for services	\$ 14,564,266	\$ 595,362	\$ 1,177,490	\$ 16,337,118	\$ 407,408
Permits	-	-	1,109,502	1,109,502	-
Township contributions	-	-	-	-	4,933,058
Total operating revenue	14,564,266	595,362	2,286,992	17,446,620	5,340,466
Operating Expenses					
Cost of water and sewer	10,473,563	-	-	10,473,563	-
Benefit payments, reinsurance charges, and claim administration	-	-	-	-	4,090,733
Billing and administrative costs	325,000	-	-	325,000	-
General and administrative costs	4,447,014	281,501	92,851	4,821,366	407,408
Cost of services	-	-	1,860,755	1,860,755	-
Depreciation and amortization	1,365,611	112,516	168,047	1,646,174	-
Total operating expenses	16,611,188	394,017	2,121,653	19,126,858	4,498,141
Operating (Loss) Income	(2,046,922)	201,345	165,339	(1,680,238)	842,325
Nonoperating Revenue (Expenses)					
Investment income	156,919	724	1,945	159,588	20,643
Interest expense	(226,573)	(90,751)	-	(317,324)	-
Gain on sale of assets	5,925	-	20,008	25,933	-
Total nonoperating (expenses) revenue	(63,729)	(90,027)	21,953	(131,803)	20,643
(Loss) Income - Before contributions	(2,110,651)	111,318	187,292	(1,812,041)	862,968
Transfers Out	-	-	-	-	(200,000)
Change in Net Position	(2,110,651)	111,318	187,292	(1,812,041)	662,968
Net Position - Beginning of year	41,400,919	1,342,190	3,336,034	46,079,143	760,033
Net Position - End of year	<u>\$ 39,290,268</u>	<u>\$ 1,453,508</u>	<u>\$ 3,523,326</u>	<u>\$ 44,267,102</u>	<u>\$ 1,423,001</u>

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

Charter Township of Redford

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

	Enterprise Funds			Governmental
	Water and Sewer Fund	Senior Housing Fund	Nonmajor Enterprise Funds	Activities
				Proprietary Internal Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 14,180,873	\$ 596,437	\$ 2,266,446	\$ -
Receipts from interfund services and reimbursements	-	-	-	5,339,164
Payments to suppliers	(11,060,169)	(164,054)	(1,185,316)	(520,028)
Payments to employees	(3,364,690)	(103,551)	(687,979)	(377,294)
Internal activity - Payments to other funds	1,585,744	-	34,267	(126,019)
Claims paid	-	-	-	(4,209,483)
Other receipts	-	(559)	-	-
Net cash provided by operating activities	1,341,758	328,273	427,418	106,340
Cash Flows from Noncapital Financing Activities -				
Transfers to other funds	-	-	-	(200,000)
Cash Flows from Capital and Related Financing Activities				
Proceeds from sales of capital assets	5,925	-	20,008	-
Purchase of capital assets	(772,935)	(95,253)	(166,046)	-
Principal and interest paid on capital debt	(1,566,402)	(304,595)	-	-
Net cash used in capital and related financing activities	(2,333,412)	(399,848)	(146,038)	-
Cash Flows from Investing Activities - Interest received on investments	156,919	724	1,945	20,643
Net (Decrease) Increase in Cash and Cash Equivalents	(834,735)	(70,851)	283,325	(73,017)
Cash and Cash Equivalents - Beginning of year	9,890,816	254,653	1,048,229	1,648,735
Cash and Cash Equivalents - End of year	\$ 9,056,081	\$ 183,802	\$ 1,331,554	\$ 1,575,718
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 8,715,581	\$ 183,802	\$ 1,331,554	\$ 1,575,718
Restricted cash	340,500	-	-	-
Total cash and cash equivalents	\$ 9,056,081	\$ 183,802	\$ 1,331,554	\$ 1,575,718
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (2,046,922)	\$ 201,345	\$ 165,339	\$ 842,325
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation and amortization	1,365,611	112,516	168,047	-
Changes in assets and liabilities:				
Receivables	(383,393)	516	(20,546)	-
Due from other funds	-	-	-	(1,302)
Deposits	-	-	(7,568)	(494,841)
Prepaid and other assets	238,931	-	(6,795)	-
Accounts payable	470,431	2,875	(696)	303
Due to other funds	1,910,744	-	34,267	(126,019)
Estimated claims liability	-	-	-	(118,750)
Accrued and other liabilities	(213,644)	11,021	95,370	4,624
Net cash provided by operating activities	\$ 1,341,758	\$ 328,273	\$ 427,418	\$ 106,340

The Water and Sewer Fund refunded bonds in the current year. As a result, there was a \$3,405,000 noncash transaction during the year ended March 31, 2013.

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

Charter Township of Redford

Fiduciary Funds Statement of Fiduciary Net Position March 31, 2013

	Pension and Other Employee Benefit Trust Funds	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 5,925,791	\$ 1,008,746
Investments:		
Agency securities	6,639,952	-
Stocks	34,490,411	-
Corporate bonds	14,996,451	-
Real estate investment trust	1,073,034	-
Short-term funds (2a7-like)	4,411,566	-
Accrued interest receivable	316,815	-
Due from primary government	43,745	-
	67,897,765	<u>\$ 1,008,746</u>
Total assets		
Liabilities		
Accounts payable	2,398	\$ -
Due to primary government	466,828	-
Refundable deposits, bonds, etc.	-	1,008,746
Deferred Retirement Option Plan liability	2,644,862	-
	3,114,088	<u>\$ 1,008,746</u>
Total liabilities		
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 64,783,677</u>	

Charter Township of Redford

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended March 31, 2013

	Pension and Other Employee Benefit Trust Funds
Additions	
Investment income:	
Interest and dividends	\$ 1,898,971
Net increase in fair value of investments	2,381,521
Investment-related expenses	<u>(322,615)</u>
Net investment income	3,957,877
Contributions:	
Employer contributions	8,809,456
Refunds and rebates	<u>37,672</u>
Total contributions	<u>8,847,128</u>
Total additions	12,805,005
Deductions	
Benefit payments	10,661,013
Refunds and withdrawals	284,551
Deferred Retirement Plan Option expenses	1,632,866
Administrative expenses	<u>55,563</u>
Total deductions	<u>12,633,993</u>
Net Increase in Net Position Held in Trust	171,012
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>64,612,665</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 64,783,677</u>

Charter Township of Redford

Component Units Statement of Net Position (Deficit) March 31, 2013

	Downtown Development Authority	Brownfield Redevelopment Financing Authority	Total
Assets			
Cash and investments	\$ 195,259	\$ 2,382,534	\$ 2,577,793
Receivables	-	542,587	542,587
Due from primary government	-	28,902	28,902
Capital assets (Note 4)	263,551	-	263,551
Unamortized bond issuance costs	-	162,482	162,482
Total assets	458,810	3,116,505	3,575,315
Liabilities			
Accounts payable	6,879	1,946,322	1,953,201
Due to primary government	-	1,479,329	1,479,329
Accrued liabilities and other	1,183	-	1,183
Due within one year - Current portion of long-term debt	-	325,000	325,000
Due in more than one year - Long-term debt	-	6,255,000	6,255,000
Total liabilities	8,062	10,005,651	10,013,713
Net Position (Deficit)			
Net investment in capital assets	263,551	-	263,551
Unrestricted	187,197	(6,889,146)	(6,701,949)
Total net position (deficit)	\$ 450,748	\$ (6,889,146)	\$ (6,438,398)

Charter Township of Redford

Component Units Statement of Activities Year Ended March 31, 2013

	Expenses	Program Revenue	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Downtown Development Authority	Brownfield Redevelopment Financing Authority	Total
Downtown Development Authority - Public works	\$ 123,007	\$ 4,672	\$ (118,335)	\$ -	\$ (118,335)
Brownfield Redevelopment Financing Authority:					
Community and economic development	3,226,077	-	-	(3,226,077)	(3,226,077)
Debt service	333,988	-	-	(333,988)	(333,988)
Total Brownfield Redevelopment Financing Authority	3,560,065	-	-	(3,560,065)	(3,560,065)
Total component units	\$ 3,683,072	\$ 4,672	(118,335)	(3,560,065)	(3,678,400)
General revenue:					
Property taxes			149,317	2,235,415	2,384,732
Investment income			461	3,105	3,566
Other miscellaneous income			-	542,587	542,587
Total general revenue			149,778	2,781,107	2,930,885
Change in Net Position			31,443	(778,958)	(747,515)
Net Position (Deficit) - Beginning of year			419,305	(6,110,188)	(5,690,883)
Net Position (Deficit) - End of year			\$ 450,748	\$ (6,889,146)	\$ (6,438,398)

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note I - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Redford (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 Redford:

Reporting Entity

The Charter Township of Redford 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. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Blended Component Units

The Redford Township Building Authority is governed by a board that is appointed by the Township board. Although it is legally separate from the Township, it is reported in the General Fund as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

The Redford Township Police and Fire Retirement System has also been blended into the Township's financial statements. The system is governed by a five-member pension board that includes two individuals chosen by the Township board. The system is reported in a trust fund as if it were part of the primary government because of the fiduciary responsibility that the Township retains relative to the operations of the retirement system.

Discretely Presented Component Units

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the district. The DDA's governing body is appointed by the Township board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The DDA does not publish separately issued financial statements. The DDA can be contacted at the Township offices at 15145 Beech Daly Road, Redford Township, Michigan 48239.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

The Brownfield Redevelopment Financing Authority (the "Authority") was established pursuant to Public Act 381 of 1996. The Authority was created to promote revitalization of environmentally distressed areas within the boundaries of the Township. The Authority's governing body is approved by the Township board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. The Authority does not publish separately issued financial statements. The Authority can be contacted at the Township offices at 15145 Beech Daly Road, Redford Township, Michigan 48239.

The Economic Development Corporation (the "EDC") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township, primarily through loans to eligible businesses. The EDC had no financial activity during the year ended March 31, 2013.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position (deficit) 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 revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note I - Summary of Significant Accounting Policies (Continued)

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 revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, District Court fines, 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 revenue" liability.

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.

The Township reports the following major governmental funds:

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

Sidewalk Improvement Fund - The Sidewalk Improvement Fund accounts for the construction and improvements to the sidewalks in the Township. Included in the fund are the special assessment receivables and revenues related to the construction, in addition to the construction costs.

The Township reports the following major proprietary funds:

Water and Sewer Fund - The Water and Sewer Fund accounts for the results of operations for providing water and sewer services to the citizens and businesses of the Township. The fund's primary revenue is generated through user charges from those requesting water and sewer services.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Senior Housing Fund - The Senior Housing Fund accounts for the results of operations for providing senior housing facilities to elderly citizens of the Township. The revenues are generated through monthly rental payments made by tenants.

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

Internal Service Funds - The Internal Service Funds account for the general liability insurance, health insurance, centralized maintenance, and maintenance on vehicles provided to other funds of the Township, primarily on a cost-reimbursement basis.

Police and Fire Pension Trust Fund - The Police and Fire Pension Trust Fund accounts for the activities of the police and fire employees' retirement system, which accumulates resources for pension benefit payments to qualified police and fire employees.

Police and Fire Other Postemployment Benefits Trust Fund - The Police and Fire Other Postemployment Benefits Trust Fund accumulates resources to fund the Township's obligation to provide healthcare benefits to retirees.

General Employees' Other Postemployment Benefits Trust Fund - The General Employees' Other Postemployment Benefits Trust Fund accumulates resources to fund the Township's obligation to provide healthcare benefits to retirees.

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.

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 our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes 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.

Agency Fund - The Agency Fund accounts for monies from the Shamrock Village Brownfield project to partially secure payment on the Brownfield Bonds protecting the Township should there be a default by the developer on the contractual obligations of the development agreement and/or Brownfield Plan.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The Township's 2012 tax is levied and collectible on December 1, 2012 and is recognized as revenue in the year ended March 31, 2013, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2012 taxable valuation of the Township totaled \$866 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 4.2306 mills for general operating purposes, 2.961 mills for police and fire operating purposes, 4.1 mills for police and fire special assessment district, 7.5 mills for police and fire pension, 2.5984 mills for solid waste management, 1.1 mills for street lighting, and 0.1079 mills for Dial-A-Ride operating purposes. This resulted in \$3.6 million for general operating purposes, \$2.5 million for police and fire operating purposes, \$2.8 million for the police and fire special assessment district, \$6.6 million for police and fire pension, \$2.2 million for solid waste management, \$0.9 million for street lighting, and \$0.1 million for Dial-A-Ride operating purposes. These amounts are recognized in the respective General and Special Revenue Funds.

Assets, Liabilities, and Net Assets 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. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Receivables and Payables - In general, outstanding balances between funds are reported as "due 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 Redford

Notes to Financial Statements March 31, 2013

Note I - Summary of Significant Accounting Policies (Continued)

Restricted Assets - The revenue bonds of the Enterprise Funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Charter Township of Redford's water and sewer lines. In addition, unspent bond proceeds have been classified as restricted assets in the governmental activities.

When an expense has been incurred for purposes for which both restricted and unrestricted net position is available, the Township's policy is to first apply restricted resources, with the following exception. A portion of the public safety special assessment has been set aside to fund future capital asset purchases and compensated absence payouts. These funds are restricted, but are long term in nature, therefore the Township will spend the funds as allowable expenditures are incurred. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Township's policy to spend funds in this order: committed, assigned, and unassigned.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road usage rights and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year, although assets purchased under that threshold may be capitalized at the Township's discretion. 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.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Land improvements	7 to 50 years
Road usage rights	15 years
Buildings and improvements	7 to 50 years
Water and sewer facilities	50 to 100 years
Water meters	20 to 60 years
CSO basin	30 years
Vehicles	3 to 10 years
Equipment	5 to 10 years

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note I - Summary of Significant Accounting Policies (Continued)

Amortization - Bond issuance costs and discounts recorded in the governmental-type and business-type activities are being amortized over the life of the bonds. In addition, a portion of the purchase price of the golf course has been recorded as goodwill in the Golf Course Fund and is being amortized over 20 years. For the year ended March 31, 2013, amortization of \$13,765 and \$51,904 has been included in the operating expenses of the governmental and business-type activities, respectively, and accumulated amortization totaled \$69,890 and \$2,549,768 for governmental and business-type activities, respectively.

In addition, bond issuance costs in the component units are also being amortized over the life of the bonds. For the year ended March 31, 2013, amortization of \$13,200 has been included in the community development expenses and accumulated amortization totaled \$101,526.

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick leave benefits, after five years of employment, and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary 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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt. 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. 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 Redford

Notes to Financial Statements March 31, 2013

Note 1 - Summary of 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 resolution of the board of trustees.
- **Assigned:** Intent to spend resources on specific purposes expressed by the board of trustees
- **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.

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.

Comparative Data - Comparative data is not included in the Township's financial statements.

Note 2 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 20,846,027	\$ 6,553,393	\$ 6,934,537	\$ 34,333,957	\$ 2,038,476
Investments	1,184,900	3,677,544	61,611,414	66,473,858	539,317
Restricted cash and investments	320,075	340,500	-	660,575	-
Total	\$ 22,351,002	\$ 10,571,437	\$ 68,545,951	\$ 101,468,390	\$ 2,577,793

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 2 - Deposits and Investments (Continued)

These amounts are classified into the following deposits and investment categories:

	<u>Primary Government</u>	<u>Component Units</u>
Deposits with financial institutions	\$ 34,974,074	\$ 2,038,476
Investments:		
U.S. government securities	9,572,688	-
Stocks	34,490,411	-
Bonds	14,996,451	-
Real estate investment trust	1,073,034	-
Short-term funds (2a7-like)	6,358,464	539,317
Petty cash or cash on hand	21,575	-
Total	<u>\$ 101,486,697</u>	<u>\$ 2,577,793</u>

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

The Pension, Police and Fire, and General Employees' Trust Funds are also authorized by Michigan Public Act 347 of 2012 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated five 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 bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Charter Township of Redford's deposits and investment policies are in accordance with statutory authority.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 2 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$28,392,576 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year end, the component units had \$2,038,476 of bank deposits that were uninsured and uncollateralized.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the Township had no investment securities which were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

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

At year end, the Township had the following investments:

Investment	Fair Value	Weighted Average Maturity (in Years)
U.S. government agency securities (W&S fund)	\$ 2,932,735	15.4
U.S. government agency securities (pension)	6,639,952	25.1
Corporate bonds (pension)	14,988,478	8.0
Total	<u>\$ 24,561,165</u>	

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 2 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. government securities (pension)	\$ 2,058,527	AAA	S&P
U.S. government securities (pension)	4,581,425	AA+	S&P
U.S. government securities (W&S fund)	2,932,735	AA+	S&P
Corporate bonds (pension)	5,836,458	A	S&P
Corporate bonds (pension)	1,122,757	A+	S&P
Corporate bonds (pension)	2,850,664	A-	S&P
Corporate bonds (pension)	454,344	AA	S&P
Corporate bonds (pension)	585,988	AA+	S&P
Corporate bonds (pension)	2,179,442	BBB	S&P
Corporate bonds (pension)	1,076,061	BBB+	S&P
Corporate bonds (pension)	882,764	BBB-	S&P
MBIA pooled accounts	2,981	Not rated	
Comerica J-Fund	6,355,483	AI, PI	S&P, Moody's
Total	\$ 30,919,629		
Component Units - Bank Investment Pool	\$ 539,317	AI, PI	S&P, Moody's

Concentration of Credit Risk - The Township limits the amount the Township may invest in any one issuer to 5 percent. No more than 5 percent of the Township's investments is invested in any one issuer.

Note 3 - Receivables and Deferred Revenue

Receivables as of year end for the Township's individual major funds and the nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Sidewalk		Nonmajor Funds	Governmental Funds Total	Water and Sewer Fund	Senior Housing Fund	Nonmajor Enterprise Funds	Proprietary Funds Total	Total Primary Government	Component Units
	General Fund	Improvement Fund								
Receivables:										
Property taxes receivable	\$ 2,371,742	\$ -	\$ 298,476	\$ 2,670,218	\$ -	\$ -	\$ -	\$ -	\$ 2,670,218	\$ -
Receivables from sales to customers on account	-	1,304,666	1,176,779	2,481,445	4,747,347	1,643	80,000	4,828,990	7,310,435	-
Accrued interest receivable	36,442	-	12,572	49,014	-	-	-	-	49,014	-
Due from other governmental units	1,705,144	-	420,931	2,126,075	-	-	6,795	6,795	2,132,870	-
Other receivables	-	-	13,553	13,553	-	-	-	-	13,553	-
Less allowance for uncollectibles	(64,890)	-	-	(64,890)	-	-	-	-	(64,890)	-
Net receivables	\$ 4,048,438	\$ 1,304,666	\$ 1,922,311	\$ 7,275,415	\$ 4,747,347	\$ 1,643	\$ 86,795	\$ 4,835,785	\$ 12,111,200	\$ -

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 3 - Receivables and Deferred Revenue (Continued)

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. Governmental funds 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 deferred revenue are as follows:

	Governmental Funds	
	Unavailable	Unearned
Delinquent property taxes	\$ 2,462,717	\$ -
Special assessments	1,878,626	-
Community Development Block Grant	639,159	-
Cops Grant	-	18,143
Neighborhood Stabilization Grant	12,811	-
Home Grant	24,352	-
JAG Grant	2,000	-
Miscellaneous community development	-	5,000
CHRP Grant	-	86,791
Parks and Recreation	-	4,168
Total	<u>\$ 5,019,665</u>	<u>\$ 114,102</u>

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 4 - Capital Assets

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

Governmental Activities	Balance April 1, 2012	Reclassifications	Additions	Disposals and Adjustments	Balance March 31, 2013
Capital assets not being depreciated:					
Land	\$ 1,343,404	\$ -	\$ -	\$ -	\$ 1,343,404
Construction in progress	387,451	(387,451)	-	-	-
Subtotal	1,730,855	(387,451)	-	-	1,343,404
Capital assets being depreciated:					
Road rights	12,755,044	-	-	-	12,755,044
Buildings and improvements	17,095,325	-	63,226	-	17,158,551
Machinery and equipment	270,018	-	-	-	270,018
Vehicles	3,115,086	-	-	(103,863)	3,011,223
Office equipment	3,322,956	7,314	87,305	(14,500)	3,403,075
Land improvements	2,037,895	380,137	530,209	-	2,948,241
Furniture and fixtures	58,315	-	6,095	-	64,410
Subtotal	38,654,639	387,451	686,835	(118,363)	39,610,562
Accumulated depreciation:					
Road usage rights	3,763,063	-	850,336	-	4,613,399
Buildings and improvements	8,040,775	-	409,433	-	8,450,208
Machinery and equipment	257,679	-	4,487	-	262,166
Vehicles	2,623,285	-	177,946	(103,863)	2,697,368
Office equipment	2,538,331	-	246,256	(14,500)	2,770,087
Land improvements	961,784	-	112,865	-	1,074,649
Furniture and fixtures	50,287	-	2,427	-	52,714
Subtotal	18,235,204	-	1,803,750	(118,363)	19,920,591
Net capital assets being depreciated	20,419,435	387,451	(1,116,915)	-	19,689,971
Net capital assets	\$ 22,150,290	\$ -	\$ (1,116,915)	\$ -	\$ 21,033,375

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance	Reclassifications	Additions	Disposals and	Balance
	April 1, 2012			Adjustments	March 31, 2013
Capital assets not being depreciated:					
Land	\$ 868,128	\$ -	\$ -	\$ -	\$ 868,128
Construction in progress	3,132,495	(1,673,324)	74,034	-	1,533,205
Subtotal	4,000,623	(1,673,324)	74,034	-	2,401,333
Capital assets being depreciated:					
Water and sewer facilities	32,864,803	1,673,324	298,603	-	34,836,730
Water meters	1,989,162	-	14,891	-	2,004,053
Buildings and improvements	9,065,851	-	115,742	-	9,181,593
Equipment	1,821,536	-	235,753	(49,347)	2,007,942
Vehicles	1,326,774	-	60,219	(33,740)	1,353,253
Road rights	-	-	37,077	-	37,077
CSO basin	19,029,562	-	71,796	-	19,101,358
Land improvements	-	-	74,215	-	74,215
Subtotal	66,097,688	1,673,324	908,296	(83,087)	68,596,221
Accumulated depreciation:					
Water and sewer facilities	9,659,226	-	539,390	-	10,198,616
Water meters	1,846,712	-	21,485	-	1,868,197
Buildings and improvements	4,330,607	-	208,828	-	4,539,435
Equipment	1,459,049	-	124,464	(49,347)	1,534,166
Vehicles	982,230	-	53,902	(33,740)	1,002,392
Road rights	-	-	1,236	-	1,236
Land improvements	-	-	4,535	-	4,535
CSO basin	9,160,901	-	640,430	-	9,801,331
Subtotal	27,438,725	-	1,594,270	(83,087)	28,949,908
Net capital assets being depreciated	38,658,963	1,673,324	(685,974)	-	39,646,313
Net capital assets	\$ 42,659,586	\$ -	\$ (611,940)	\$ -	\$ 42,047,646
Component Units					
Capital assets not being depreciated:					
Land			\$ 75,690	\$ -	\$ 75,690
Construction in progress			-	116,704	116,704
Subtotal			75,690	116,704	192,394
Capital assets being depreciated:					
Machinery and equipment			14,416	-	14,416
Land improvements			89,816	-	89,816
Subtotal			104,232	-	104,232
Accumulated depreciation:					
Machinery and equipment			5,242	2,883	8,125
Land improvements			19,960	4,990	24,950
Subtotal			25,202	7,873	33,075
Net capital assets being depreciated			79,030	(7,873)	71,157
Net capital assets			\$ 154,720	\$ 108,831	\$ 263,551

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 4 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 95,537
Public safety		599,665
Public works		940,000
Community and economic development		68,599
Recreation and culture		99,949
	Total governmental activities	<u>\$ 1,803,750</u>
Business-type activities:		
Water and sewer		\$ 1,334,744
Senior housing		91,479
Protective inspection		549
Golf course		167,498
	Total business-type activities	<u>\$ 1,594,270</u>
	Component unit activities - Downtown Development Authority	<u>\$ 7,873</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Nonmajor governmental funds	\$ 1,499,703
	Senior Housing Fund	3,491
	Golf Course Fund	126,309
	Internal Service Funds	275,815
	Water and Sewer Fund	736,193
	Water and Sewer Fund	<u>2,641,511</u>
Nonmajor governmental funds	Water and Sewer Fund	70,527
	Nonmajor governmental funds	315,702
	General Fund	12,784
	General Fund	<u>399,013</u>
Internal Service Funds	Water and Sewer Fund	251,841
	Nonmajor enterprise funds	40,000
	Total Internal Service Funds	<u>291,841</u>
	Total	<u>\$ 3,332,365</u>

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements related to debt service are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds (1)(2)	\$ 1,450,748
Nonmajor governmental funds	Nonmajor governmental funds (2)	362,115
Internal Service Fund	General Fund	200,000
	Total	<u>\$ 2,012,863</u>

(1) Transfer to fund future capital projects

(2) Transfer for debt service

Note 6 - 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. County contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. The Building Authority bond commitments are limited by the Township's legal ability to levy property taxes.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 6 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions and Transfers	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
2006 Capital Improvement Bonds:							
Amount of issue - \$2,695,000	3.75% -	\$150,000 -					
Maturing through 2021	4.00%	\$200,000	\$ 1,695,000	\$ -	\$ (200,000)	\$ 1,495,000	\$ 200,000
2009 Capital Improvement Bonds:							
Amount of issue - \$5,000,000	4.00% -	\$300,000 -					
Maturing through 2024	4.50%	\$500,000	4,500,000	-	(300,000)	4,200,000	300,000
Building Authority Bonds :							
2011 Refunding Bonds for 1998A Fire Station:							
Amount of issue - \$1,525,000 (part of \$3,105,000 issue)	2.00% -	\$205,000-					
Maturing through 2018	3.00%	\$245,000	1,330,000	-	(215,000)	1,115,000	210,000
2011 Refunding Bonds for 1998B Service Building:							
Amount of issue - \$830,000 (part of \$3,105,000 issue)	2.00% -	\$105,000-					
Maturing through 2018	3.00%	\$130,000	720,000	-	(110,000)	610,000	105,000
2011 Refunding Bonds for 1999 Service Building:							
Amount of issue - \$265,000 (part of \$3,105,000 issue)	2.00% -	\$40,000-					
Maturing through 2018	3.00%	\$50,000	225,000	-	(40,000)	185,000	40,000
2007 Capital Improvement Bonds:							
Lyndon:							
Amount of issue - \$507,461 (part of \$4.5M original issue)	4.00% -	\$33,459-					
Maturing through 2022	5.00%	\$47,400	365,394	-	(30,670)	334,724	33,459
Glendale:							
Amount of issue - \$304,486 (part of \$4.5M original issue)	4.00% -	\$20,076 -					
Maturing through 2022	5.00%	\$28,441	219,243	-	(18,403)	200,840	20,076
2007 Capital Improvement Bond - Roads:							
Amount of issue - \$2,812,401 (part of \$4.5M original issue)	4.00% -	\$185,433-					
Maturing through 2022	5.00%	\$262,696	2,025,056	-	(169,981)	1,855,075	185,433
2007 CDBG Bond:							
Amount of issue - \$3,545,000	4.55% -	\$210,000-					
Maturing through 2023	5.13%	\$365,000	3,020,000	-	(195,000)	2,825,000	210,000
Total bonds payable			14,099,693	-	(1,279,054)	12,820,639	1,303,968
Accumulated compensated absences			2,457,424	122,871	(304,404)	2,275,891	146,008
Total governmental activities			\$ 16,557,117	\$ 122,871	\$ (1,583,458)	\$ 15,096,530	\$ 1,449,976

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions and Transfers	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds:							
2004 Combined Sewer Overflow							
Refunding Bonds:							
Amount of issue - \$5,495,000	3.40%-	\$550,000-					
Maturing through 2016	3.625%	\$575,000	\$ 2,225,000	\$ -	\$ (540,000)	\$ 1,685,000	\$ 575,000
2004 Refunding Bonds Senior Housing:							
Amount of issue - \$1,695,000		\$10,000 -					
Maturing through 2018	3.40%-4.00%	\$350,000	1,605,000	-	(10,000)	1,595,000	10,000
2011 Refunding Bonds for 1997 Senior Housing Project							
Amount of issue - \$485,000 (part of \$3,105,000 issue)							
Maturing through 2018	-	-	250,000	-	(250,000)	-	-
Revenue bonds:							
Water Bond Series 1998-1990 (Refunded Bonds) Revenue and Phase 7:							
Amount of issue - \$4,490,000							
Maturing through 2018	-	-	1,085,000	-	(1,085,000)	-	-
2001 Water Supply and Sewage Disposal System Bonds:							
Amount of issue - \$4,200,000							
Maturing through 2020	-	-	2,525,000	-	(2,525,000)	-	-
2012 Water supply and Sewage Disposal Bonds Revenue Refunding Bonds:							
Amount of Issue-\$3,405,000		\$348,000-					
Maturing through 2022	1.55%	\$445,000	-	3,405,000	(425,000)	2,980,000	445,000
1994 Combined Sewer Overflow State Revolving Fund Debt:							
Amount of Issue - \$2,052,897		\$80,000 -					
Maturing through 2014	2.00%	\$92,897	337,897	-	(80,000)	257,897	80,000
2007 Capital Improvement Bonds:							
Water Mains:							
Amount of issue - \$925,642 (part of 4.5M original issue)	4.00% -	\$61,032-					
Maturing through 2022	5.00%	\$86,492	890,298	-	(55,947)	834,351	61,032
Deferred charge on refunding			(60,201)	-	17,210	(42,991)	(17,210)
Total bonds payable			8,857,994	3,405,000	(4,953,737)	7,309,257	1,153,822
CSO installment agreement			-	2,509,899	(149,400)	2,360,499	357,600
Accumulated compensated absences			617,135	30,857	(49,202)	598,790	-
Total business-type activities			\$ 9,475,129	\$ 5,945,756	\$ (5,152,339)	\$ 10,268,546	\$ 1,511,422

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit Activities							
Limited Tax General Obligation Bonds, Series 2007:							
Amount of issue - \$3,805,000	4.00% -	\$180,000 -					
Maturing through 2026	5.00%	\$320,000	\$ 3,460,000	\$ -	\$ (180,000)	\$ 3,280,000	\$ 200,000
Limited Tax General Obligation Bonds, Series 2006A:							
Amount of issue - \$3,670,000		\$125,000 -					
Maturing through 2026	5.35%-5.70%	\$400,000	3,425,000	-	(125,000)	3,300,000	125,000
Total bonds payable			\$ 6,885,000	\$ -	\$ (305,000)	\$ 6,580,000	\$ 325,000

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 6 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$1,231,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending March 31	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 1,303,968	\$ 506,366	\$ 1,810,334	\$ 1,153,802	\$ 197,580	\$ 1,351,382	\$ 325,000	\$ 320,163	\$ 645,163
2015	1,343,968	458,917	1,802,885	1,390,802	166,140	1,556,942	350,000	305,475	655,475
2016	1,453,882	412,444	1,866,326	1,466,564	126,708	1,593,272	350,000	289,450	639,450
2017	1,463,882	360,834	1,824,716	845,118	83,837	928,955	395,000	271,425	666,425
2018	1,468,796	305,555	1,774,351	918,204	62,131	980,335	430,000	250,975	680,975
2019-2023	5,286,143	766,856	6,052,999	1,534,767	63,521	1,598,288	2,685,000	914,600	3,599,600
2024-2027	500,000	22,500	522,500	-	-	-	2,045,000	205,700	2,250,700
Total	\$ 12,820,639	\$ 2,833,472	\$ 15,654,111	\$ 7,309,257	\$ 699,917	\$ 8,009,174	\$ 6,580,000	\$ 2,557,788	\$ 9,137,788

Advance and Current Refundings - During the year, the Township issued \$3,405,000 of revenue refunding bonds in business-type activities with an interest rate of 1.55 percent. The proceeds of these bonds, along with a transfer from the bond revenue reserve fund of \$269,750, were used to advance refund \$3,610,000 of outstanding 1998 Water and Sewer Revenue Refunding and 2001 Water and Sewer Revenue Bonds in the business-type activities with an average interest rate range of 4.00 to 6.00 percent. The net proceeds of \$3,692,824 (after payment of \$65,009 in underwriting fees, insurance, and other issuance costs) plus an additional \$83,083 of the Township's monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed. The advance refunding reduced total debt service payments over the next eight years by approximately \$369,000, which represents an economic gain of approximately \$332,000.

Future Revenue Pledged for Debt Payments - The Township has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water supply and sewage disposal systems. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$3,425,899.

The Township has pledged a portion of future property tax revenues to repay \$6,580,000 in Brownfield Redevelopment bonds issued in 2006 and 2007 to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority, and are projected to produce 100 percent of debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$9,137,788 payable through 2026. For the current year, principal and interest paid and total property tax captures were \$639,988 and \$2,232,977, respectively.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 6 - Long-term Debt (Continued)

No Commitment Debt - Excluded from the basic financial statements are revenue bonds issued by the Economic Development Corporation. The revenue bonds are payable solely from the net revenue derived from the respective leases and are not a general obligation of the Township. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the Township's financial statements. The information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. The outstanding balance on all of the bond issues as of March 31, 2013 was \$8,350,000.

Note 7 - Restricted Net Position

Restricted assets consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Cash and cash equivalents	\$ 320,075	\$ 340,500

Net position has been restricted in the amount of \$320,075 in the governmental activities for unspent bond proceeds and \$340,500 in the business-type activities for the 2012 Revenue Bonds debt.

Note 8 - 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 workers' compensation claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions; the Township is self-insured for medical benefits provided to employees. 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 (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 8 - Risk Management (Continued)

The Township estimates the liability for general liability and medical benefit claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the Self-insurance Internal Service Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability		Medical Claims	
	2013	2012	2013	2012
Unpaid claims - Beginning of year	\$ 884,132	\$ 1,500,890	\$ 700,000	\$ 1,000,000
Incurred claims (including claims incurred but not reported)	1,865,228	762,606	2,699,080	2,801,548
Claim payments	(1,783,978)	(1,379,364)	(2,899,080)	(3,101,548)
Unpaid claims - End of year	<u>\$ 965,382</u>	<u>\$ 884,132</u>	<u>\$ 500,000</u>	<u>\$ 700,000</u>

Note 9 - Single-employer Defined Benefit Pension Plan

Plan Description - The Police and Fire Pension Plan is a combination of a single-employer defined benefit pension plan and a single-employer defined contribution plan. The defined contribution portion of the plan was set up for the annual employees' contribution. The assets of the defined contribution plan are used to fund the defined benefit pension plan. Therefore, the two plans work together as a defined benefit pension plan. The plan is administered by the Redford Township Police and Fire Employees' Retirement System; this plan covers substantially all police and fire employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At March 31, 2012, the date of the most recent actuarial valuation, membership consisted of 156 retirees and beneficiaries currently receiving benefits. The plan does not issue a separate financial report.

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units. The Township has assumed the responsibility to contribute 5 percent of employees' covered wages on behalf of the police and fire employees.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 9 - Single-employer Defined Benefit Pension Plan (Continued)

Deferred Retirement Option Plan (DROP) - In the prior year, the Township began offering a DROP to those members of the Fire Department that were hired before June 1, 2010 and had at least 20 years of service. Once a member elects to enter the DROP, a valuation of his or her accumulated benefits is performed and the individual DROP account balances will earn interest at a rate of 5 percent per annum. The DROP employees continue working at their current salary level, but for pension plan purposes they stop accruing benefits. A liability has been recorded in the Police and Fire Pension Plan for those employees that had entered the DROP as of March 31, 2013.

Annual Pension Cost - For the year ended March 31, 2013, the Township's annual pension cost of \$4,070,562 for the plan was equal to the Township's required and actual contribution. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 21 years.

	Fiscal Year Ended March 31		
	2013	2012	2011
Annual pension cost (APC)	\$ 4,070,562	\$ 4,407,240	\$ 3,914,550
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

Funding Status and Funding Progress - As of March 31, 2012, the most recent actuarial valuation date, the plan was 60 percent funded. The actuarial accrued liability for benefits was \$104 million, and the actuarial value of assets was \$63 million, resulting in an unfunded actuarial accrued liability of \$41 million. The covered payroll (annual payroll to active employees covered by the plan) was \$6 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 709 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at March 31, 2012 using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return, (b) projected salary increases of 4.5 percent per year, attributable to inflation, and (c) additional projected salary increases ranging from 0 percent to 4.40 percent per year, attributable to merit/seniority. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 21 years.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 10 - Multi-employer Defined Benefit Pension Plan

Plan Description - The Township also participates in the Municipal Employees' Retirement System of Michigan, an agent multiple-employer defined benefit pension plan that covers a substantial number of employees of the Township other than police and fire employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplemental 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 competitive bargaining units and requires a contribution from the employees of 3 percent to 5 percent, which is paid by the Township.

Annual Pension Cost - For the year ended March 31, 2013, the Township's annual pension cost of \$922,879 for the plan was equal to the Township's required and actual contribution. 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 attributable to inflation, and (c) additional projected salary increases ranging from 0 percent to 8.4 percent per year, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 26 years.

Three-year Trend Information

	Fiscal Year Ended March 31		
	2013	2012	2011
Annual pension cost (APC)	\$ 922,879	\$ 962,999	\$ 1,095,542
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 10 - Multi-employer Defined Benefit Pension Plan (Continued)

	Actuarial Valuation as of December 31		
	2011	2010	2009
Actuarial value of assets	\$ 33,840,742	\$ 34,512,997	\$ 34,103,281
Actuarial accrued liability (AAL) (entry age)	\$ 46,629,138	\$ 44,941,630	\$ 42,768,340
Unfunded AAL (UAAL)	\$ 12,788,396	\$ 10,428,633	\$ 8,665,059
Funded ratio	72.6 %	76.8 %	79.7 %
Covered payroll	\$ 4,315,561	\$ 4,268,956	\$ 5,488,420
UAAL as a percentage of covered payroll	296.3 %	244.3 %	157.9 %

Note 11 - Commitments

The Township has entered into a contract with a corporation that will manage the operations of the Glenhurst Golf Course. Under the terms of this contract, the Township has agreed to pay the corporation from its Golf Course (Enterprise) Fund a minimum fee of \$706,560 between April 1, 2013 and March 31, 2014 for services rendered during calendar year 2013. The Township has agreed to pay additional fees if certain golf course revenue is attained.

Note 12 - Other Postemployment Benefits - General Employees

Plan Description - The Township provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees and are accounted for separately. Currently, the plans have 451 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

Funding Policy - The collective bargaining agreements require a premium sharing payment for their healthcare of up to \$1,040 a year. 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).

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 12 - Other Postemployment Benefits - General Employees (Continued)

Funding Progress - For the year ended March 31, 2013, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of March 31, 2012. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 3,311,555
Interest on the prior year's net OPEB obligation	138,148
Less adjustment to the annual required contribution	<u>(254,122)</u>
Annual OPEB cost	3,195,581
Amounts contributed	<u>(2,175,545)</u>
Increase in net OPEB obligation	1,020,036
OPEB obligation - Beginning of year	<u>3,453,702</u>
OPEB obligation - End of year	<u>\$ 4,473,738</u>

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
3/31/10	3/31/06	\$ 3,407,837	\$ 3,391,501	57.0 %	57.0 %	\$ 2,737,463
3/31/11	3/31/10	2,474,269	2,437,096	84.0	84.0	3,107,166
3/31/12	3/31/10	2,537,298	2,497,996	87.0	88.0	3,453,702
3/31/13	3/31/12	3,311,555	3,195,581	66.0	68.0	4,473,738

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/06	\$ -	\$ 43,388,361	\$ 43,388,361	- %	\$ 6,074,730	714.2 %
3/31/08	412,368	42,630,000	42,217,632	1.0	5,750,510	734.2
3/31/10	824,735	41,871,717	41,046,982	2.0	4,268,956	961.5
3/31/12	1,052,884	64,178,229	63,125,345	1.6	4,315,561	1,462.7

Note 12 - Other Postemployment Benefits - General Employees (Continued)

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.

In the March 31, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 13 percent initially, reduced by decrements to an ultimate rate of 8 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The investment rate of return was decreased from the prior valuation rate of 6 percent. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

Note 13 - Other Postemployment Benefits - Police and Fire

Plan Description - The Township provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees and accounted for separately. Currently, the plans have 451 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 13 - Other Postemployment Benefits - Police and Fire (Continued)

Funding Policy - The collective bargaining agreements require a premium sharing payment for their healthcare of up to \$1,040 a year. 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 for police and fire, as determined by the Township board through annual budget resolutions.

Funding Progress - For the year ended March 31, 2012, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of March 31, 2010. 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)	\$ 5,319,946
Interest on the prior year's net OPEB obligation	289,659
Less adjustment to the annual required contribution	<u>(532,817)</u>
Annual OPEB cost	5,076,788
Amounts contributed	<u>(2,551,343)</u>
Increase in net OPEB obligation	2,525,445
OPEB obligation - Beginning of year	<u>7,241,478</u>
OPEB obligation - End of year	<u>\$ 9,766,923</u>

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
3/31/10	3/31/06	\$ 4,575,896	\$ 4,547,004	49.0 %	50.0 %	\$ 4,580,010
3/31/11	3/31/10	3,934,609	3,872,415	66.0	67.0	5,874,506
3/31/12	3/31/10	4,041,285	3,966,979	64.0	66.0	7,241,485
3/31/13	3/31/12	5,319,946	5,076,788	48.0	50.0	9,766,923

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 13 - Other Postemployment Benefits - Police and Fire (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/06	\$ -	\$ 59,892,022	\$ 59,892,022	- %	\$ 7,779,088	769.9 %
3/31/08	1,229,359	61,070,000	59,840,641	2.0	6,743,929	887.3
3/31/10	2,458,718	62,256,519	59,797,801	3.9	6,547,439	913.3
3/31/12	2,707,436	99,006,507	96,299,071	2.7	5,871,250	1,640.2

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.

In the March 31, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 13 percent initially, reduced by decrements to an ultimate rate of 8 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The investment rate of return was decreased from the prior valuation rate of 6 percent. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 14 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the Township's defined benefit pension plan (see Note 10) and the postemployment healthcare plans (see Notes 12 and 13). The plans do not issue separate financial statements:

	Pension Trust	Police and Fire OPEB Trust Fund	General Employees' OPEB Trust Fund	Total
Statement of Net Position				
Investments	\$ 63,125,639	\$ 3,164,835	\$ 1,246,731	\$ 67,537,205
Other assets	316,815	22,945	20,800	360,560
Liabilities	(2,854,700)	(259,388)	-	(3,114,088)
Net position	<u>\$ 60,587,754</u>	<u>\$ 2,928,392</u>	<u>\$ 1,267,531</u>	<u>\$ 64,783,677</u>
Statement of Changes in Net Position				
Investment income	\$ 3,956,381	\$ 668	\$ 828	\$ 3,957,877
Contributions	4,082,568	2,573,946	2,190,614	8,847,128
Benefit payments	(6,333,060)	(2,352,408)	(1,975,545)	(10,661,013)
Other deductions	(1,970,480)	(1,250)	(1,250)	(1,972,980)
Net change in net position	<u>\$ (264,591)</u>	<u>\$ 220,956</u>	<u>\$ 214,647</u>	<u>\$ 171,012</u>

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 15 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	General Fund	Sidewalk Improvement Fund	Nonmajor Funds	Total
Fund Balances				
Nonspendable - Prepaids	\$ 257,274	\$ -	\$ -	\$ 257,274
Restricted:				
Road improvements	-	-	836,048	836,048
Drug law enforcement	-	-	976,164	976,164
Debt service	-	-	1,118,239	1,118,239
Storm water improvements	-	-	68,042	68,042
Unspent bond proceeds	-	-	6,954	6,954
Dial-A-Ride services	-	-	156,879	156,879
Solid waste activities	-	-	1,403,430	1,403,430
911 services	-	-	66,216	66,216
Drain improvements	-	-	881,335	881,335
Future NSP expenditures	-	-	570,986	570,986
Police and Fire SAD	1,320,000	-	920,500	2,240,500
PEG purposes	44,390	-	-	44,390
South Redford food program	1,375	-	-	1,375
Total restricted	1,365,765	-	7,004,793	8,370,558
Committed - Court building improvements	-	-	3,079,610	3,079,610
Assigned - Capital projects	1,569	978,539	757,827	1,737,935
Unassigned	8,563,421	-	(139,344)	8,424,077
Total nonspendable	\$ 10,188,029	\$ 978,539	\$ 10,702,886	\$ 21,869,454

Note 16 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component 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 2013-2014 fiscal year.

Charter Township of Redford

Notes to Financial Statements March 31, 2013

Note 16 - Upcoming Accounting Pronouncements (Continued)

In March 2012, the GASB issued 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. Statement No. 65 will be implemented for the Township's 2013-2014 fiscal year.

In June 2012, the GASB issued two new pension standards, GASB Statement No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions*. These new standards significantly revise the current accounting and reporting for pensions, both from an employer perspective as well as from a plan perspective. Employers providing defined benefit pensions to its employees must now, under these new standards, recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised and expanded note disclosures and required supplemental information (RSI). Statement No. 67 is required to be adopted for March 31, 2015 and Statement No. 68 one year later.

Required Supplemental Information

Charter Township of Redford

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 14,390,000	\$ 17,054,287	\$ 16,456,000	\$ (598,287)
Licenses and permits	993,200	939,415	936,365	(3,050)
Federal grants	525,000	1,061,400	1,242,986	181,586
State-shared revenue and grants	4,583,000	4,748,300	4,743,989	(4,311)
Charges for services	1,468,050	1,462,950	1,545,747	82,797
Fines and forfeitures	2,249,975	2,114,475	2,254,961	140,486
Investment income	50,000	35,000	18,484	(16,516)
Other revenue	1,682,150	1,611,620	1,053,196	(558,424)
Total revenue	25,941,375	29,027,447	28,251,728	(775,719)
Expenditures				
Current:				
General government:				
Legislative	111,628	111,628	109,759	1,869
Executive	153,571	153,571	144,486	9,085
Accounting	454,466	454,466	469,005	(14,539)
Information systems	388,300	322,300	392,861	(70,561)
Treasurer	313,162	313,162	292,652	20,510
Assessor	302,760	367,760	375,437	(7,677)
Board of Review	-	7,650	4,290	3,360
Clerk	329,923	269,923	249,908	20,015
Elections	121,050	142,900	141,654	1,246
Buildings and grounds	174,377	192,127	177,551	14,576
Attorney	157,000	132,000	115,936	16,064
Civil service	150,637	140,637	136,650	3,987
Police and fire civil service	17,400	17,400	14,027	3,373
Public service building maintenance	235,650	235,650	14,872	220,778
Insurance and other functions	987,200	1,018,201	980,167	38,034
Public education government	91,000	-	-	-
Marquee maintenance	115,973	115,173	8,697	106,476
Total general government	4,104,097	3,994,548	3,627,952	366,596
District Court:				
District court costs	1,418,961	1,789,962	1,573,014	216,948
Criminal justice	515,500	491,500	478,269	13,231
Probation	173,801	201,301	196,027	5,274
Work program	31,870	31,870	26,004	5,866
Total district court	2,140,132	2,514,633	2,273,314	241,319
Public safety:				
Police	9,757,789	12,750,154	11,401,902	1,348,252
Dispatch	231,452	231,452	246,638	(15,186)
Fire	6,679,237	7,811,763	7,258,204	553,559
School crossing	26,923	40,123	38,979	1,144
School resource officer	355,230	315,230	307,704	7,526
ALS transport collection fee	54,600	60,000	60,702	(702)
CHP grant	298,540	-	-	-
Protective inspection	40,000	40,000	40,660	(660)
Fire SAFER grant	524,226	-	-	-
Total public safety	17,967,997	21,248,722	19,354,789	1,893,933
Public works:				
Street construction	904,000	875,000	867,873	7,127
DPW	158,237	1,582,234	142,722	15,512
Total public works	1,062,237	1,033,234	1,010,595	22,639

Charter Township of Redford

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Current (continued):				
Health and welfare - Animal control	\$ 58,466	\$ 83,466	\$ 82,170	\$ 1,296
Community and economic development:				
Redevelopment	12,053	-	12,584	(12,584)
Community promotion	27,000	7,000	9,987	(2,987)
Zoning board of appeals	11,165	11,165	8,435	2,730
Other community and economic development	32,372	24,722	26,664	(1,942)
Total community and economic development	82,590	42,887	57,670	(14,783)
Recreation and culture:				
Parks and recreation	170,262	185,812	187,611	(1,799)
Parks facilities	300,602	237,652	192,139	45,513
Senior citizens	31,722	15,722	13,436	2,286
Cultural	18,000	2,000	6,856	(4,856)
Total recreation and culture	520,586	441,186	400,042	41,144
Debt service	-	7,523	-	7,523
Total expenditures	25,936,105	29,366,199	26,806,532	2,559,667
Excess of Revenue Over (Under) Expenditures	5,270	(338,752)	1,445,196	1,783,948
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	11,000	13,260	2,260
Transfers in	-	-	200,000	200,000
Transfers out	-	327,752	(1,450,748)	(1,778,500)
Total other financing sources (uses)	-	338,752	(1,237,488)	(1,576,240)
Net Change in Fund Balance	5,270	-	207,708	207,708
Fund Balance - Beginning of year	8,820,754	8,820,754	8,820,754	-
Fund Balance - End of year	\$ 8,826,024	\$ 8,820,754	\$ 9,028,462	\$ 207,708

The Township's budget was adopted on a fund basis. The budget comparison shown above for the General Fund is more detailed than the General Appropriations Act. Information in this schedule is presented for the purpose of additional analysis.

Charter Township of Redford

Required Supplemental Information Pension System Schedule Year Ended March 31, 2013

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/07	\$ 68,600,000	\$ 83,800,000	\$ 15,200,000	81.9 %	\$ 6,700,000	226.9 %
3/31/08	71,200,000	87,400,000	16,200,000	81.5	6,700,000	241.8
3/31/09	61,100,000	91,900,000	30,800,000	66.5	6,900,000	446.4
3/31/10	61,400,000	99,600,000	38,200,000	61.6	6,500,000	587.7
3/31/11	62,100,000	102,800,000	40,700,000	60.4	5,800,000	701.7
3/31/12	62,800,000	104,500,000	41,700,000	60.1	5,900,000	706.8

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution *	Percentage Contributed
3/31/08	\$ 4,742,358	99.8 %
3/31/09	2,862,162	99.6
3/31/10	2,964,791	100.0
3/31/11	3,914,550	100.0
3/31/12	4,407,240	100.0
3/31/13	4,070,562	100.0

* The required contribution is expressed to the Township as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of March 31, 2012, the latest actuarial valuation, follows:

Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Remaining amortization period	21 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	0% - 4.5%
* Includes inflation at	4.5%
Cost of living adjustments	None

Charter Township of Redford

Note to Required Supplemental Information Year Ended March 31, 2013

Budgetary Information - The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's *Bulletin for Audits of Local Units of Government in Michigan* dated April 1982:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. Budgeted expenditures cannot exceed budgeted revenues and fund balance.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The Township adopts its budget on a fund-total basis for all funds, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations. The Community Development Block Grant Fund's budget is adopted on a project basis and does not lapse at year end. A comparison of actual results of operations to the General Fund budget adopted by the Township board is included as required supplemental information. This comparison includes expenditure budget overruns. A comparison of actual results of operations, including budget overruns, to the nonmajor fund budgets as adopted by the Township board is available at the clerk's office for inspection.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township supervisor on or before 75 days prior to the commencement of the fiscal and budgetary year (April 1) shall prepare and submit to the board a complete itemized proposed budget for the next fiscal year.
2. A public hearing on the budget shall be held before its final adoption, at such time and place as the board shall direct, and notice of such public hearing shall be published at least 10 days in advance thereof by the clerk.
3. The board shall, on or before 15 days prior to the commencement of the next fiscal year, adopt a budget for the ensuing fiscal year.

The annual budget is prepared by the Township management and adopted by the Township board; subsequent amendments are approved by the Township board. During the current year, the budget was amended in a legally permissible manner.

Charter Township of Redford

Note to Required Supplemental Information (Continued) March 31, 2013

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that transfers to/from other funds have been included in revenue and expenditures, rather than as other financing sources (uses), grant revenue to reimburse capital expenditures has been included in expenditures rather than revenue, and reimbursements from other funds for wage expense have been included as other revenue rather than as an offset to expenditures.

The budget statements are presented on the same basis of accounting used in preparing the adopted budget.

	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 29,774,603	\$ 27,179,239
Accrued Employee Benefits Fund	(1,522,875)	(372,707)
Total	\$ 28,251,728	\$ 26,806,532

Significant budget overruns are as follows:

	Budget	Actual	Variance
Information systems	\$ 322,300	\$ 392,861	\$ (70,561)

Fund Deficit - The Township has a fund deficit in the Community Development Block Grant Fund in the amount of \$139,344.

The Township has a fund deficit in the modified-based statement of the Brownfield Redevelopment Financing Authority Fund in the amount of \$542,588.

The Township has a fund deficit in the modified-based statement of the Brownfield Construction Fund in the amount of \$477,354.

Other Supplemental Information

Charter Township of Redford

	Special Revenue Funds						
	Dial-A-Ride	Home Grant	Drug Law Enforcement	Solid Waste Management	911 Dispatch	Neighborhood Stabilization Grant	Energy Efficiency Community Block Grant
Assets							
Cash and investments	\$ 142,140	\$ 28,116	\$ 998,185	\$ 1,918,162	\$ 77,543	\$ 188,403	\$ -
Receivables	40,066	-	-	282,001	-	-	-
Due from component units	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	496,942	-
Restricted assets	-	-	-	-	-	-	-
Due from other governmental units	904	-	-	23,860	-	12,811	-
Total assets	\$ 183,110	\$ 28,116	\$ 998,185	\$ 2,224,023	\$ 77,543	\$ 698,156	\$ -
Liabilities and Fund Balances (Deficit)							
Liabilities							
Accounts payable	\$ 1,694	\$ 3,764	\$ 21,989	\$ 365,354	\$ 619	\$ 11,307	\$ -
Due to other governmental units	1,120	-	-	10,474	-	-	-
Due to component units	1,086	-	-	26,147	-	-	-
Due to other funds	3,703	-	-	87,522	-	102,473	-
Accrued liabilities and other	4,882	-	32	-	10,708	579	-
Deferred revenue	11,664	24,352	-	280,964	-	12,811	-
Provision for property tax refunds	2,082	-	-	50,132	-	-	-
Total liabilities	26,231	28,116	22,021	820,593	11,327	127,170	-
Fund Balances (Deficit)							
Restricted:							
Road improvements	-	-	-	-	-	-	-
Drug law enforcement	-	-	976,164	-	-	-	-
Debt service	-	-	-	-	-	-	-
Storm water improvements	-	-	-	-	-	-	-
Unspent bond proceeds	-	-	-	-	-	-	-
Dial-A-Ride services	156,879	-	-	-	-	-	-
Solid waste activities	-	-	-	1,403,430	-	-	-
911 services	-	-	-	-	66,216	-	-
Drain improvements	-	-	-	-	-	-	-
Future NSP expenditures	-	-	-	-	-	570,986	-
Public safety capital projects	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned - Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	156,879	-	976,164	1,403,430	66,216	570,986	-
Total liabilities and fund balances (deficit)	\$ 183,110	\$ 28,116	\$ 998,185	\$ 2,224,023	\$ 77,543	\$ 698,156	\$ -

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2013**

Special Revenue Funds			Debt Service Funds					Capital Projects Funds	
Community Development Block Grant	Public Improvement - Storm Water	Brownfield EPA Grant Fund	Police Station	Read Paving Debt Service	Public Improvement Debt Service	Section 108 Loan Debt Service	Public Improvement 2009	Building Authority Debt Refinancing	Capital Improvement
\$ 53,500	\$ 68,042	\$ 1,094	\$ -	\$ 219,825	\$ 207,804	\$ 126,416	\$ 237,082	\$ -	\$ 1,585,341
489,170	-	-	5,864	-	-	-	-	-	-
-	-	-	-	180,602	225,191	274,713	230,453	-	-
12,784	-	-	-	55,332	105,998	-	224,899	-	-
-	-	-	-	-	-	-	-	1,118	-
-	-	-	-	-	-	-	-	-	-
149,989	-	213,273	-	-	-	-	-	-	-
\$ 705,443	\$ 68,042	\$ 214,367	\$ 5,864	\$ 455,759	\$ 538,993	\$ 401,129	\$ 692,434	\$ 1,118	\$ 1,585,341
\$ 58,869	\$ -	\$ 16,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	1,669	-	-	-	-	-	-
135,914	-	197,418	-	233,029	346,672	-	393,625	-	-
10,845	-	37	-	-	-	-	-	-	-
639,159	-	-	2,049	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
844,787	-	214,367	3,718	233,029	346,672	-	393,625	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	68,042	-	2,146	222,730	192,321	401,129	298,809	1,104	-
-	-	-	-	-	-	-	-	14	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	920,500
-	-	-	-	-	-	-	-	-	664,841
(139,344)	-	-	-	-	-	-	-	-	-
(139,344)	68,042	-	2,146	222,730	192,321	401,129	298,809	1,118	1,585,341
\$ 705,443	\$ 68,042	\$ 214,367	\$ 5,864	\$ 455,759	\$ 538,993	\$ 401,129	\$ 692,434	\$ 1,118	\$ 1,585,341

Charter Township of Redford

Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds March 31, 2013

	Capital Projects Funds							Total Nonmajor Governmental Funds
	Police Station	Smith Drain	Marquee Renovation	Court Building Improvement	Road Improvement	Road Paving	Bell Creek Pedestrian Bridge	
Assets								
Cash and investments	\$ 92,986	\$ 868,949	\$ -	\$ 3,063,981	\$ 720,587	\$ -	\$ -	\$ 10,598,156
Receivables	-	12,572	-	-	671,707	-	-	1,501,380
Due from component units	-	-	-	-	-	-	-	910,959
Due from other funds	-	-	-	-	-	-	-	399,013
Assets held for resale	-	-	-	-	-	-	-	496,942
Restricted assets	-	-	6,940	-	-	312,017	-	320,075
Due from other governmental units	-	-	-	19,920	174	-	-	420,931
Total assets	\$ 92,986	\$ 881,521	\$ 6,940	\$ 3,083,901	\$ 1,392,468	\$ 312,017	\$ -	\$ 14,647,456
Liabilities and Fund Balances (Deficit)								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 4,291	\$ -	\$ -	\$ -	\$ 484,799
Due to other governmental units	-	-	-	-	-	-	-	11,594
Due to component units	-	-	-	-	-	-	-	28,902
Due to other funds	-	186	-	-	229,648	-	-	1,730,190
Accrued liabilities and other	-	-	-	-	-	-	-	27,083
Deferred revenue	-	-	-	-	638,789	-	-	1,609,788
Provision for property tax refunds	-	-	-	-	-	-	-	52,214
Total liabilities	-	186	-	4,291	868,437	-	-	3,944,570
Fund Balances (Deficit)								
Restricted:								
Road improvements	-	-	-	-	524,031	312,017	-	836,048
Drug law enforcement	-	-	-	-	-	-	-	976,164
Debt service	-	-	-	-	-	-	-	1,118,239
Storm water improvements	-	-	-	-	-	-	-	68,042
Unspent bond proceeds	-	-	6,940	-	-	-	-	6,954
Dial-A-Ride services	-	-	-	-	-	-	-	156,879
Solid waste activities	-	-	-	-	-	-	-	1,403,430
911 services	-	-	-	-	-	-	-	66,216
Drain improvements	-	881,335	-	-	-	-	-	881,335
Future NSP expenditures	-	-	-	-	-	-	-	570,986
Public safety capital projects	-	-	-	-	-	-	-	920,500
Committed	-	-	-	3,079,610	-	-	-	3,079,610
Assigned - Capital projects	92,986	-	-	-	-	-	-	757,827
Unassigned	-	-	-	-	-	-	-	(139,344)
Total fund balances (deficit)	92,986	881,335	6,940	3,079,610	524,031	312,017	-	10,702,886
Total liabilities and fund balances (deficit)	\$ 92,986	\$ 881,521	\$ 6,940	\$ 3,083,901	\$ 1,392,468	\$ 312,017	\$ -	\$ 14,647,456

Charter Township of Redford

	Special Revenue Funds						
	Dial-A-Ride	Home Grant	Drug Law Enforcement	Solid Waste Management	911 Dispatch	Neighborhood Stabilization Grant	Energy Efficiency Community Block Grant
Revenue							
Property taxes	\$ 88,504	\$ -	\$ -	\$ 2,196,207	\$ -	\$ -	\$ -
Federal grants	-	27,522	1,211,528	-	-	1,241,853	62,057
State sources	109,694	-	-	-	6,706	-	-
Charges for services	28,094	-	-	14,243	331,446	-	-
Fines and forfeitures	-	-	38,456	-	-	-	-
Investment income	-	-	2,560	-	289	-	-
Other revenue:							
Special assessments	-	-	-	-	-	-	-
Other miscellaneous income	49,880	-	774	-	-	-	-
Total revenue	276,172	27,522	1,253,318	2,210,450	338,441	1,241,853	62,057
Expenditures							
Current:							
Public safety	-	-	534,804	-	343,571	-	-
Public works	-	-	-	2,366,901	-	-	-
Health and welfare	256,763	-	-	-	-	-	-
Community and economic development	-	27,522	-	-	-	1,145,753	62,057
Capital outlay	-	-	-	-	58,681	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	256,763	27,522	534,804	2,366,901	402,252	1,145,753	62,057
Excess of Revenue Over (Under) Expenditures	19,409	-	718,514	(156,451)	(63,811)	96,100	-
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net Change in Fund Balances	19,409	-	718,514	(156,451)	(63,811)	96,100	-
Fund Balances (Deficit) - Beginning of year	137,470	-	257,650	1,559,881	130,027	474,886	-
Fund Balances (Deficit) - End of year	\$ 156,879	\$ -	\$ 976,164	\$ 1,403,430	\$ 66,216	\$ 570,986	\$ -

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended March 31, 2013

Special Revenue Funds			Debt Service Funds					Capital Projects Funds	
Community Development Block Grant	Public Improvement - Storm Water	Brownfield EPA Grant Fund	Police Station	Road Paving Debt Service	Public Improvement Debt Service	Section 108 Loan Debt Service	Public Improvement 2009	Building Authority Debt Refinancing	Capital Improvement
\$ -	\$ -	\$ -	\$ 2,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,228,756	-	213,273	-	-	-	-	-	-	-
-	23,414	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	132	132	170	130	15	2,330
-	-	-	-	-	-	-	-	-	-
-	-	-	-	213,631	282,282	274,713	302,953	241,232	-
1,228,756	23,414	213,273	2,146	213,763	282,414	274,883	303,083	241,247	2,330
-	-	-	-	-	-	-	-	-	-
-	3,442	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,318,100	-	163,239	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	21,943
-	-	-	-	266,059	333,237	330,855	487,250	660,446	-
1,318,100	3,442	163,239	-	266,059	333,237	330,855	487,250	660,446	21,943
(89,344)	19,972	50,034	2,146	(52,296)	(50,823)	(55,972)	(184,167)	(419,199)	(19,613)
-	-	1,094	-	55,332	226,674	50,000	140,050	419,213	920,500
(50,000)	-	-	-	-	(85,108)	-	-	-	-
(50,000)	-	1,094	-	55,332	141,566	50,000	140,050	419,213	920,500
(139,344)	19,972	51,128	2,146	3,036	90,743	(5,972)	(44,117)	14	900,887
-	48,070	(51,128)	-	219,694	101,578	407,101	342,926	1,104	684,454
\$ (139,344)	\$ 68,042	\$ -	\$ 2,146	\$ 222,730	\$ 192,321	\$ 401,129	\$ 298,809	\$ 1,118	\$ 1,585,341

Charter Township of Redford

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) (Continued) Nonmajor Governmental Funds Year Ended March 31, 2013

	Capital Projects Funds							Total Nonmajor Governmental Funds
	Police Station	Smith Drain	Marquee Renovation	Court Building Improvement	Road Improvement	Road Paving	Bell Creek Pedestrian Bridge	
Revenue								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,286,857
Federal grants	-	-	-	-	-	-	-	3,984,989
State sources	-	-	-	-	18,135	-	650,000	807,949
Charges for services	-	-	-	-	-	-	-	373,783
Fines and forfeitures	-	-	-	202,169	-	-	-	240,625
Investment income	288	8,354	21	-	1,807	248	-	16,476
Other revenue:								
Special assessments	-	-	-	-	232,311	-	-	232,311
Other miscellaneous income	-	-	-	-	18,358	-	-	1,383,823
Total revenue	288	8,354	21	202,169	270,611	248	650,000	9,326,813
Expenditures								
Current:								
Public safety	1	-	-	-	-	-	-	878,376
Public works	-	186	-	-	1,500	-	-	2,372,029
Health and welfare	-	-	-	-	-	-	-	256,763
Community and economic development	-	-	-	-	-	-	-	2,716,671
Capital outlay	-	-	-	26,541	-	-	280,189	387,354
Debt service	-	-	-	-	-	-	-	2,077,847
Total expenditures	1	186	-	26,541	1,500	-	280,189	8,689,040
Excess of Revenue Over (Under) Expenditures	287	8,168	21	175,628	269,111	248	369,811	637,773
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	1,812,863
Transfers out	-	-	-	-	(227,007)	-	-	(362,115)
Total other financing sources (uses)	-	-	-	-	(227,007)	-	-	1,450,748
Net Change in Fund Balances	287	8,168	21	175,628	42,104	248	369,811	2,088,521
Fund Balances (Deficit) - Beginning of year	92,699	873,167	6,919	2,903,982	-481,927	311,769	(369,811)	8,614,365
Fund Balances (Deficit) - End of year	<u>\$ 92,986</u>	<u>\$ 881,335</u>	<u>\$ 6,940</u>	<u>\$ 3,079,610</u>	<u>\$ 524,031</u>	<u>\$ 312,017</u>	<u>\$ -</u>	<u>\$ 10,702,886</u>

Charter Township of Redford

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds March 31, 2013

	Golf Course	Protective Inspection	Total
Assets			
Current assets:			
Cash and investments	\$ 396,921	\$ 934,633	\$ 1,331,554
Receivables	-	80,000	80,000
Deposits	17,675	-	17,675
Due from other governmental units	-	6,795	6,795
Total current assets	414,596	1,021,428	1,436,024
Noncurrent assets - Capital assets	2,546,496	32,368	2,578,864
Total assets	2,961,092	1,053,796	4,014,888
Liabilities			
Current liabilities:			
Accounts payable	9,685	18,264	27,949
Due to other governmental units	107	-	107
Due to other funds	166,309	-	166,309
Accrued liabilities and other	-	8,934	8,934
Total current liabilities	176,101	27,198	203,299
Noncurrent liabilities:			
Compensated absences	-	145,406	145,406
Net OPEB obligation	-	142,857	142,857
Total noncurrent liabilities	-	288,263	288,263
Total liabilities	176,101	315,461	491,562
Net Position			
Net investment in capital assets	2,546,496	32,368	2,578,864
Unrestricted	238,495	705,967	944,462
Total net position	\$ 2,784,991	\$ 738,335	\$ 3,523,326

Charter Township of Redford

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended March 31, 2013

	Golf Course	Protective Inspection	Total
Operating Revenue			
Charges for services	\$ 1,177,490	\$ -	\$ 1,177,490
Permits	-	1,109,502	1,109,502
Total operating revenue	1,177,490	1,109,502	2,286,992
Operating Expenses			
General and administrative costs	-	92,851	92,851
Cost of services	1,078,010	782,745	1,860,755
Depreciation and amortization	167,498	549	168,047
Total operating expenses	1,245,508	876,145	2,121,653
Operating (Loss) Income	(68,018)	233,357	165,339
Nonoperating Revenue			
Investment income	-	1,945	1,945
Gain on sale of assets	20,008	-	20,008
Total nonoperating revenue	20,008	1,945	21,953
Change in Net Position	(48,010)	235,302	187,292
Net Position - Beginning of year	2,833,001	503,033	3,336,034
Net Position - End of year	<u>\$ 2,784,991</u>	<u>\$ 738,335</u>	<u>\$ 3,523,326</u>

Charter Township of Redford

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended March 31, 2013

	Golf Course	Protective Inspection	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,177,490	\$ 1,088,956	\$ 2,266,446
Payments to suppliers	(1,101,480)	(83,836)	(1,185,316)
Payments to employees	-	(687,979)	(687,979)
Internal activity - Payments to other funds	34,267	-	34,267
	110,277	317,141	427,418
Net cash provided by operating activities			
Cash Flows from Capital and Related Financing Activities			
Proceeds from sales of capital assets	20,008	-	20,008
Purchase of capital assets	(133,129)	(32,917)	(166,046)
	(113,121)	(32,917)	(146,038)
Net cash used in capital and related financing activities			
Cash Flows from Investing Activities - Interest received on investments	-	1,945	1,945
Net (Decrease) Increase in Cash and Cash Equivalents	(2,844)	286,169	283,325
Cash and Cash Equivalents - Beginning of year	399,765	648,464	1,048,229
Cash and Cash Equivalents - End of year	\$ 396,921	\$ 934,633	\$ 1,331,554
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (68,018)	\$ 233,357	\$ 165,339
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	167,498	549	168,047
Changes in assets and liabilities:			
Receivables	-	(20,546)	(20,546)
Inventories	(7,568)	-	(7,568)
Prepaid and other assets	-	(6,795)	(6,795)
Accounts payable	(15,902)	15,206	(696)
Due to others	34,267	-	34,267
Accrued and other liabilities	-	95,370	95,370
	\$ 110,277	\$ 317,141	\$ 427,418
Net cash provided by operating activities	\$ 110,277	\$ 317,141	\$ 427,418

There were no significant noncash investing, capital, or financing activities during the year ended March 31, 2013.

Charter Township of Redford

Other Supplemental Information Combining Statement of Net Position Internal Service Funds March 31, 2013

	Internal Service	Vehicle Maintenance Internal Service	Central Maintenance Internal Service	Total
Assets - Current assets				
Cash and investments	\$ 1,568,489	\$ -	\$ 7,229	\$ 1,575,718
Due from other funds	155,000	136,841	-	291,841
Deposits	1,319,894	-	-	1,319,894
Total assets	3,043,383	136,841	7,229	3,187,453
Liabilities				
Current liabilities:				
Accounts payable	-	6,952	210	7,162
Due to other funds	155,000	120,815	-	275,815
Accrued liabilities and other	-	9,074	7,019	16,093
Provision for claims	500,000	-	-	500,000
Total current liabilities	655,000	136,841	7,229	799,070
Noncurrent liabilities - Estimated insurance and other liabilities	965,382	-	-	965,382
Total liabilities	1,620,382	136,841	7,229	1,764,452
Net Position - Unrestricted	\$ 1,423,001	\$ -	\$ -	\$ 1,423,001

Charter Township of Redford

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended March 31, 2013

	Internal Service	Vehicle Maintenance Internal Service	Central Maintenance Internal Service	Total
Operating Revenue				
Charges for services	\$ -	\$ 177,903	\$ 229,505	\$ 407,408
Township contributions	4,933,058	-	-	4,933,058
Total operating revenue	4,933,058	177,903	229,505	5,340,466
Operating Expenses				
Benefit payments, reinsurance charges, and claim administration	4,090,733	-	-	4,090,733
General and administrative costs	-	177,903	229,505	407,408
Total operating expenses	4,090,733	177,903	229,505	4,498,141
Operating Income	842,325	-	-	842,325
Nonoperating Revenue -				
Investment income	20,643	-	-	20,643
Income - Before contributions	862,968	-	-	862,968
Transfers Out	(200,000)	-	-	(200,000)
Change in Net Position	662,968	-	-	662,968
Net Position - Beginning of year	760,033	-	-	760,033
Net Position - End of year	<u>\$ 1,423,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,423,001</u>

Charter Township of Redford

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended March 31, 2013

	Internal Service	Vehicle Maintenance Internal Service	Central Maintenance Internal Service	Total
Cash Flows from Operating Activities				
Receipts from interfund services and reimbursements	\$ 4,923,058	\$ 186,601	\$ 229,505	\$ 5,339,164
Payments to suppliers	(494,841)	(24,321)	(866)	(520,028)
Payments to employees	-	(147,938)	(229,356)	(377,294)
Internal activity - Payments to other funds	10,000	(136,019)	-	(126,019)
Claims paid	(4,209,483)	-	-	(4,209,483)
Net cash provided by (used in) operating activities	228,734	(121,677)	(717)	106,340
Cash Flows from Noncapital Financing Activities - Transfers to other funds				
	(200,000)	-	-	(200,000)
Cash Flows from Investing Activities - Interest received on investments				
	20,643	-	-	20,643
Net Increase (Decrease) in Cash and Cash Equivalents				
	49,377	(121,677)	(717)	(73,017)
Cash and Cash Equivalents - Beginning of year	1,519,112	121,677	7,946	1,648,735
Cash and Cash Equivalents - End of year	<u>\$ 1,568,489</u>	<u>\$ -</u>	<u>\$ 7,229</u>	<u>\$ 1,575,718</u>
Reconciliation of Operating Income to Net Cash from Operating Activities				
Operating income	\$ 842,325	\$ -	\$ -	\$ 842,325
Changes in assets and liabilities:				
Due from other funds	(10,000)	8,698	-	(1,302)
Deposits	(494,841)	-	-	(494,841)
Accounts payable	-	1,169	(866)	303
Due to other funds	10,000	(136,019)	-	(126,019)
Estimated claims liability	(118,750)	-	-	(118,750)
Accrued and other liabilities	-	4,475	149	4,624
Net cash provided by (used in) operating activities	<u>\$ 228,734</u>	<u>\$ (121,677)</u>	<u>\$ (717)</u>	<u>\$ 106,340</u>

There were no significant noncash investing, capital, or financing activities during the year ended March 31, 2013.

Charter Township of Redford

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

	Pension Trust Fund	Police and Fire OPEB Trust Fund	General Employees' OPEB Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 5,925,791	\$ -	\$ -	\$ 5,925,791
Investments:				
Agency securities	6,639,952	-	-	6,639,952
Stocks	34,490,411	-	-	34,490,411
Corporate bonds	14,996,451	-	-	14,996,451
Real estate investment trust	1,073,034	-	-	1,073,034
Other	-	3,164,835	1,246,731	4,411,566
Accrued interest	316,815	-	-	316,815
Due from primary government	-	22,945	20,800	43,745
Total assets	<u>63,442,454</u>	<u>3,187,780</u>	<u>1,267,531</u>	<u>67,897,765</u>
Liabilities				
Accounts payable	-	2,398	-	2,398
Due to primary government	209,838	256,990	-	466,828
Deferred Retirement Option Plan liability	2,644,862	-	-	2,644,862
Total liabilities	<u>2,854,700</u>	<u>259,388</u>	<u>-</u>	<u>3,114,088</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 60,587,754</u>	<u>\$ 2,928,392</u>	<u>\$ 1,267,531</u>	<u>\$ 64,783,677</u>

Charter Township of Redford

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended March 31, 2013

	Pension Trust Fund	Police and Fire OPEB Trust Fund	General Employees' OPEB Trust Fund	Total
Additions				
Investment income:				
Interest and dividends	\$ 1,897,475	\$ 668	\$ 828	\$ 1,898,971
Net increase in fair value of investments	2,381,521	-	-	2,381,521
Investment-related expenses	(322,615)	-	-	(322,615)
Net investment income	3,956,381	668	828	3,957,877
Contributions:				
Employer contributions	4,082,568	2,551,343	2,175,545	8,809,456
Refunds and rebates	-	22,603	15,069	37,672
Total contributions	4,082,568	2,573,946	2,190,614	8,847,128
Total additions	8,038,949	2,574,614	2,191,442	12,805,005
Deductions				
Benefit payments	6,333,060	2,352,408	1,975,545	10,661,013
Refunds and withdrawals	284,551	-	-	284,551
Deferred Retirement Option Plan expenses	1,632,866	-	-	1,632,866
Administrative expenses	53,063	1,250	1,250	55,563
Total deductions	8,303,540	2,353,658	1,976,795	12,633,993
Net (Decrease) Increase in Net Assets Held in Trust	(264,591)	220,956	214,647	171,012
Net Assets Held in Trust - Beginning of year	60,852,345	2,707,436	1,052,884	64,612,665
Net Assets Held in Trust - End of year	\$ 60,587,754	\$ 2,928,392	\$ 1,267,531	\$ 64,783,677

Charter Township of Redford

**Federal Awards
Supplemental Information
March 31, 2013**

Charter Township of Redford

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Plante & Moran, PLLC

Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Trustees
Charter Township of Redford

We have audited the basic 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 Redford (the "Township") as of and for the year ended March 31, 2013 and the related notes to the basic financial statements, which collectively comprise the Township's basic financial statements. We issued our report thereon dated August 27, 2013, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited basic financial statements subsequent to August 27, 2013.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

Ann Arbor, Michigan
September 4, 2013

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

Independent Auditor's Report

To Management and the Board of Trustees
Charter Township of Redford

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 basic 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 Redford (the "Township") as of and for the year ended March 31, 2013 and related notes to the basic financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Charter Township of Redford'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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2013-001 to be a material weakness.

To Management and the Board of Trustees
Charter Township of Redford

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of Redford's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Charter Township of Redford's Response to the Finding

The Charter Township of Redford's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Charter Township of Redford's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the Township'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

Ann Arbor, Michigan
August 27, 2013

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
Charter Township of Redford

Report on Compliance for Each Major Federal Program

We have audited the Charter Township of Redford's (the "Township") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2013. The Charter Township of Redford's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter Township of Redford's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of Redford's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Charter Township of Redford's compliance.

To the Board of Trustees
Charter Township of Redford

Basis for Qualified Opinion on 16.710 ARRA - CHRP (COPS Hiring Recovery Program) and COPS Grant

As described in the accompanying schedule of findings and questioned costs, the Charter Township of Redford did not comply with requirements regarding ARRA - COPS Hiring Recovery Program Grant and COPS Hiring Program Grant (CFDA 16.710), as described in finding number 2013-002 for reporting and allowable costs.

Compliance with such requirements is necessary, in our opinion, for the Charter Township of Redford to comply with the requirements applicable to that program.

Qualified Opinion on 16.710 ARRA - CHRP (COPS Hiring Recovery Program) and COPS Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the Charter Township of Redford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 16.710 ARRA - CHRP (COPS Hiring Recovery Program) and COPS Grant for the year ended March 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Charter Township of Redford complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended March 31, 2013.

Other Matters

The Charter Township of Redford's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Charter Township of Redford's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The management of the Charter Township of Redford is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter Township of Redford's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

To the Board of Trustees
Charter Township of Redford

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2013-002 to be a material weakness.

The Charter Township of Redford's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Charter Township of Redford's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

Ann Arbor, Michigan
September 4, 2013

Charter Township of Redford

Schedule of Expenditures of Federal Awards Year Ended March 31, 2013

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures
U.S. Department of Housing and Urban Development -			
CDBG Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants:			
Program year 2011 - B-11-MC-26-0029	14.218	N/A	
Program year 2010 - B-10-MC-26-0029	14.218	N/A	
Program year 2009 - B-09-MC-26-0029	14.218	N/A	
Total Community Development Block Grants			\$ 1,348,265
ARRA - Recovery - Program year 2009 - B-09-MY-26-0029	14.253	N/A	19,835
Subtotal of Community Development Block Grants including ARRA Funds			1,368,100
Neighborhood Stabilization Program - Program year 2008 - B-08-MN-26-0010	14.218	N/A	1,145,753
Total CDBG Cluster U.S. Department of Housing and Urban Development			2,513,853
U.S. Department of Justice:			
ARRA - COPS Hiring Recovery Program Grant (CHRP)	16.710	N/A	337,521
2011 COPS Hiring Program	16.710	N/A	312,090
Subtotal of Community Oriented Policing Services Grants including ARRA			649,611
Edward Byrne Memorial Justice Assistance Grant Program 2010 - Passed through Wayne County	16.738	2010-H5154-MI-DJ	3,458
Edward Byrne Memorial Justice Assistance Grant Program 2011 - Passed through Wayne County	16.738	2011-H3267-MI-DJ	3,443
Federal Equitable Sharing Program	16.922	N/A	487,391
Total U.S. Department of Justice			1,143,903
U.S. Department of Energy - ARRA - Energy Deficiency and Conservation Block Grant Award #DE-EE0001813	81.128	N/A	62,057
Department of Homeland Security - ARRA - SAFER (Staffing for Adequate Fire & Emergency Response - Hiring Program)	97.044	N/A	569,513
Environmental Protection Agency - EPA Brownfields Assessment Grant	66.818	N/A	162,144
Total federal awards			\$ 4,451,470

See Notes to Schedule of Expenditures
of Federal Awards.

Charter Township of Redford

Notes to Schedule of Expenditures of Federal Awards Year Ended March 31, 2013

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Charter Township of Redford under programs of the federal government for the year ended March 31, 2013. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Charter Township of Redford, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of the Charter Township of Redford. Pass-through entity identifying numbers are presented where available.

Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 10,000

Charter Township of Redford

Schedule of Findings and Questioned Costs Year Ended March 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs except for ARRA - CHRP (COPS Hiring Recovery Program) Grant and COPS Grant (CFDA# 16.710), which was qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.218, 14.253	Community Development Block Grant Cluster, including ARRA - Community Development Block Grant - Recovery and Neighborhood Stabilization Program
16.922	Federal Equitable Sharing Program
97.044	ARRA - SAFER (Staffing for Adequate Fire & Emergency Response)
16.710	ARRA - COPS Hiring Recovery Program (CHRP) and 2011 COPS Hiring Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Charter Township of Redford

Schedule of Findings and Questioned Costs (Continued) Year Ended March 31, 2013

Section II - Financial Statement Audit Findings

Reference Number	Finding
2013-001	<p>Finding Type - Material weakness</p> <p>Criteria - Management's goal is to prepare accounting records that are ready for publishing in an annual financial statement in accordance with generally accepted accounting principles.</p> <p>Condition - In performing our audit, there were instances where accounting records required adjustment.</p> <p>Context - We noted that the finance staff has a high level of understanding of generally accepted accounting principles. The majority of entries were proposed by the finance staff; however, there were instances whereby the audit team proposed journal entries. These entries were not material individually or in the aggregate.</p> <p>Cause - It would appear that the finance staff has a significant workload relative to the number of employees. This makes it difficult to completely close the annual accounting records without any adjustments in time for the scheduled start of the audit. The finance staff also had a complete turnover in the current year.</p> <p>Effect - As a result, our audit procedures typically identify some adjustments to be made. This year's adjustments were in line with prior years.</p> <p>Recommendation - It may or may not be beneficial to change the present situation. The Township should consider the costs relative to the benefits of hiring additional personnel.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Management agrees with the finding and recommendation. The Township will focus on attempting to record all entries prior to the start of future audits.</p>

Charter Township of Redford

Schedule of Findings and Questioned Costs (Continued) Year Ended March 31, 2013

Section III - Federal Program Audit Findings

Reference Number	Finding
2013-002	<p>Program Name - ARRA - CHRP (COPS Hiring Recovery Program) Grant and COPS Grant, CFDA#16.710, U.S. Department of Justice - Repeat finding</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Criteria - The 2009 COPS Hiring Recovery Program Grant owner's manual states that salaries covered by CHRP must be based on the Township's standard entry-level salary and fringe benefits package. Overtime and charges above the base entry level salary are not allowable.</p> <p>Condition - During our testing of reporting on reimbursement requests, it was noted that the amounts requested were in excess of allowable expenditures. Overtime expenditures and salaries in excess of base wages were charged to the grant. Finance reflected the correct expenditures in the SEFA by a journal entry.</p> <p>Questioned Costs - \$86,791 for ARRA - COPS Hiring Recovery Program and \$18,143 for COPS Grant</p> <p>Context - During our testing, it was noted that expenditures were overdrawn in the amounts as indicated above due to the charge of overtime and salaries in excess of allowed amounts.</p> <p>Cause and Effect - Internal controls were not properly designed to ensure reports are correct based on compliance provisions. As a result, salaries in addition to allowable costs were requested for reimbursement.</p> <p>Recommendation - We recommend that management review reimbursement requests prior to submission to ensure they only include allowable costs.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Management agrees with the finding and the recommendation. The Township will implement a procedure to track allowable costs to ensure compliance with the grant. In order to correct questioned costs, the Township will deduct the costs from the next draw.</p>

Charter Township of Redford

Summary Schedule of Prior Audit Findings Year Ended March 31, 2013

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
2012-3	Federal Forfeitures, 16.unknown, U.S. Department of Justice	Fringe benefits were charged to federal forfeitures accounts	Corrected	N/A
2012-4	ARRA - SAFER (Staffing For Adequate Fire & Emergency Response) Grant, CFDA# 97.044, U.S. Department of Homeland Security	Quarterly reports submitted to the Department of Homeland Security were not submitted in a timely manner and did not reconcile to the general ledger	Corrected	N/A
2012-5	ARRA- CHRP (COPS Hiring Recovery Program) Grant, CFDA# 16.710, U.S. Department of Justice	Salaries and fringes were charged to the grant in excess of allowable amounts. In addition, overtime was also charged to the grant.	Not corrected, plan to correct in the 2013-14 FY. See Finding 2013-002.	The Township will deduct the overpayment from the 3rd quarter 2013 draw and ensure communication between the finance department and police department exists to prevent reimbursements in excess of costs.