

CHARTER TOWNSHIP OF BRANDON

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For The Year Ended December 31, 2012

CHARTER TOWNSHIP OF BRANDON

TOWNSHIP OFFICIALS

Supervisor - Kathy Thurman
Clerk – Candee Allen
Treasurer – Terri Darnall

BOARD OF TRUSTEES

Dana DePalma
William DeWitt
Ronald Lapp
Jayson Rumball

LEGAL COUNSEL

Karlstrom Cooney, LLP
Attorneys and Counselors at Law

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

May 31, 2013

Board of Trustees
Charter Township of Brandon
395 Mill Street
Ortonville, MI 48462

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the Charter Township of Brandon as of and for the year ended December 31, 2012, which collectively comprise the Charter Township of Brandon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of the Charter Township of Brandon as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 - 14 and 51 - 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

December 31, 2012

Within this section of the Charter Township of Brandon's annual financial report, we are providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended December 31, 2012. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary functions and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. The Capital Assets (land, buildings, equipment, etc.) are reported at original cost less depreciation and therefore this figure does not necessarily reflect Market Value.

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

Governmental activities include such activities as general government, fire, police, parks, building and planning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds the Township Board is responsible for and, additionally, funds which the Township handles but are not under the control or jurisdiction of the Township Board. These component units include the Fire Fund and the Library Fund.

Fund Financial Statements

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

The Township has two kinds of funds:

Governmental funds such as General Fund, Fire Fund, Police Fund and others are reported in the financial statements. These statements report short-term fiscal conditions focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

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

Notes to the financial statements

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

Other information

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

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

Financial Analysis of the Township as a Whole

Under GASB 34 the assets of Brandon Township exceed its liabilities at the close of the fiscal year by \$2,168,386. Of this amount, \$852,736 is not invested in Capital Assets and may be used to meet the Township’s ongoing obligations.

As of the close of the current fiscal year under governmental fund accounting the Township’s governmental funds reported combined ending fund balances of \$1,328,677, an increase of \$39,297 in comparison with the prior year.

The individual fund balances were as follows:

General Fund	\$	418,332
Police Fund		125,839
Designated Fund		489,002
Library Debt Service Fund		27,468
Non-major Funds		<u>268,036</u>
	\$	<u>1,328,677</u>

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

Summary of Net Assets

	Governmental Activities			Component Unit-Fire			Component Unit-Library		
	12/31/12	12/31/11	Increase (Decrease)	12/31/12	12/31/11	Increase (Decrease)	12/31/12	12/31/11	Increase (Decrease)
Current and other assets	\$ 3,920,285	\$ 3,599,339	\$ 320,946	\$ 3,436,703	\$ 3,496,232	\$ (59,529)	\$ 831,740	\$ 835,346	\$ (3,606)
Capital assets, net of depreciation	<u>3,020,650</u>	<u>3,074,134</u>	<u>(53,484)</u>	<u>4,505,039</u>	<u>4,676,465</u>	<u>(171,426)</u>	<u>3,031,261</u>	<u>3,204,866</u>	<u>(173,605)</u>
Total assets	<u>6,940,935</u>	<u>6,673,473</u>	<u>267,462</u>	<u>7,941,742</u>	<u>8,172,697</u>	<u>(230,955)</u>	<u>3,863,001</u>	<u>4,040,212</u>	<u>(177,211)</u>
Other liabilities	2,736,526	2,447,942	288,584	2,005,987	1,926,289	79,698	898,376	796,227	102,149
Long-term liabilities	<u>2,036,023</u>	<u>2,272,666</u>	<u>(236,643)</u>	<u>989,816</u>	<u>1,041,437</u>	<u>(51,621)</u>	<u></u>	<u></u>	<u></u>
Total liabilities	<u>4,772,549</u>	<u>4,720,608</u>	<u>51,941</u>	<u>2,995,803</u>	<u>2,967,726</u>	<u>28,077</u>	<u>898,376</u>	<u>796,227</u>	<u>102,149</u>
Net assets:									
Invested in capital assets, net of related debt	1,315,650	1,109,134	206,516	3,955,539	3,946,902	8,637	2,860,261	3,204,866	(344,605)
Unrestricted/restricted	<u>852,736</u>	<u>843,731</u>	<u>9,005</u>	<u>988,400</u>	<u>1,258,069</u>	<u>(269,669)</u>	<u>104,364</u>	<u>39,119</u>	<u>65,245</u>
Total net assets	<u>\$ 2,168,386</u>	<u>\$ 1,952,865</u>	<u>\$ 215,521</u>	<u>\$ 4,943,939</u>	<u>\$ 5,204,971</u>	<u>\$ (261,032)</u>	<u>\$ 2,964,625</u>	<u>\$ 3,243,985</u>	<u>\$ (279,360)</u>

Summary of Changes in Net Assets

	Governmental Activities			Component Unit-Fire			Component Unit-Library		
	12/31/2012	12/31/2011	Increase (Decrease)	12/31/2012	12/31/2011	Increase (Decrease)	12/31/2012	12/31/2011	Increase (Decrease)
REVENUES									
Program revenues									
Charges for services	\$ 575,634	\$ 384,104	\$ 191,530	\$ 311,794	\$ 232,591	\$ 79,203	\$ 9,395	\$ 10,251	\$ (856)
Operating grants and contributions					14,152	(14,152)	33,132	6,535	26,597
Capital grants	32,025		32,025	8,880		8,880	28,100		28,100
General revenues									
Special assessments	68,524	175,262	(106,738)						
State shared revenues	1,035,585	999,786	35,799						
Property taxes	2,102,415	2,245,958	(143,543)	1,704,122	1,699,620	4,502	744,707	793,764	(49,057)
Interest income	17,228	20,500	(3,272)	21,264	29,285	(8,021)		5,033	(5,033)
Other revenues	85,799	282,719	(196,920)	961	1,053	(92)	7,524	44,743	(37,219)
Gain (loss) on disposal of assets		(2,407)	2,407		3,759	(3,759)	(16)	(3,902)	3,886
Total revenues	<u>3,917,210</u>	<u>4,105,922</u>	<u>(188,712)</u>	<u>2,047,021</u>	<u>1,980,460</u>	<u>66,561</u>	<u>822,842</u>	<u>856,424</u>	<u>(33,582)</u>
EXPENSES									
General government	1,246,271	1,143,156	103,115						
Library							1,102,202	1,106,074	(3,872)
Police protection	1,647,977	1,581,534	66,443						
Fire Protection				2,308,053	2,260,640	47,413			
Culture and recreation	505,272	470,981	34,291						
Public works	189,495	244,017	(54,522)						
Interest on long-term debt	43,058	53,514	(10,456)						
Total expenses	<u>3,632,073</u>	<u>3,493,202</u>	<u>138,871</u>	<u>2,308,053</u>	<u>2,260,640</u>	<u>47,413</u>	<u>1,102,202</u>	<u>1,106,074</u>	<u>(3,872)</u>
Change in net assets	285,137	612,720	(327,583)	(261,032)	(280,180)	19,148	(279,360)	(249,650)	(29,710)
Beginning net assets	1,952,865	4,193,060	(2,240,195)	5,204,971	5,770,840	(565,869)	3,243,985	1,263,635	1,980,350
Prior period adjustment	(69,616)	(2,852,915)	2,783,299		(285,689)	285,689		2,230,000	(2,230,000)
Ending net assets	<u>\$ 2,168,386</u>	<u>\$ 1,952,865</u>	<u>\$ 215,521</u>	<u>\$ 4,943,939</u>	<u>\$ 5,204,971</u>	<u>\$ (261,032)</u>	<u>\$ 2,964,625</u>	<u>\$ 3,243,985</u>	<u>\$ (279,360)</u>

Component Units

Due to their autonomous nature, the Library Fund and the Fire Fund are reported as separate component units within the Charter Township of Brandon's financial statements.

See Footnote regarding the component units for more detail.

Financial Analysis of the Township's Funds

The Township has 4 major funds for the year ended December 31, 2012. These funds include:

- General Fund
- Designated Fund
- Police Fund
- Library Debt Service Fund

The General Fund's fund balance decreased \$16,534 during the year due to a large transfer out to the designated fund which will be used for future year's activities. Total fund balance for the General Fund, including the designated portion increased \$144,757 (\$743,676 to \$888,433) over the prior year.

The Designated Fund's fund balance increased \$16,382.

The increase in the Designated Fund is the result of the work put forth by the Brandon Township Board of Trustees in an effort to build the Township's "Rainy Day" fund balance.

The Police Fund's fund balance decreased by \$98,456.

The Library Debt Service Fund increased by \$7,630.

General Fund Budgetary Highlights

The Township adopted its budget one month before the beginning of the fiscal year. Amendments were made during the year to adjust for changes. Budget appropriations were not exceeded by actual expenditures.

Overall, the Township departments were \$97,805 under budget (approximately 6%) before considering the interfund transfers.

Capital Asset and Debt Administration

The Township made total principle payments of \$260,000 for 2012.

The Township deems all capital purchases of \$500 or greater as capital assets. During the year, total capital asset acquisitions totaled \$53,560. These were solely for Senior Center building upgrades.

Management is reviewing the current threshold of \$500 and is considering increasing the amount to \$5,000 in 2013.

Economic Conditions and Future Activities

Economic conditions in Brandon Township like all other areas of the State are impacted significantly by the very poor economic condition of the State of Michigan. Historically the Township tax base had been stable and increasing. Over the past few years, there has been a significant reduction in the number of new residential building permits and applications for new commercial and industrial development.

In addition to the drastic reduction in new construction and development activity the market value of property has been dropping. Although Proposal A has reduced the impact of this reduction the Township is experiencing a reduction in Taxable Value which will result in a reduction in tax revenue for all funds.

The loss of tax revenue in the Township's General Fund has been offset in part by the realization of an increase in Constitutional Sales Tax. The Police and Fire Departments do not share in these revenues and therefore experienced a more dramatic reduction to their revenues due to the recent economic conditions. With the implementation of multi-year budgeting practices, steps have been taken in all departments to offset revenue reductions by reducing expenditures. Even though the Township General Fund appears to be stabilizing, the Police and Fire Funds will require further scrutiny in order for them to reach the same plateau. Another consideration before us is the impending reduction to personal property tax revenue in the Police and General Funds. Although increasing property taxes is always an option, the current Board of Trustees prefers to explore alternative means to address these challenges.

Contacting the Township's Financial Management

The Management Discussion and Analysis was prepared by the Township Supervisor with assistance from the auditor. If you have any questions about the information or opinions contained in the Management Discussion please contact Kathy Thurman, Supervisor at the Charter Township of Brandon, 395 Mill Street, Ortonville, MI 48462.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CHARTER TOWNSHIP OF BRANDON

STATEMENT OF NET ASSETS
DECEMBER 31, 2012

	<u>Governmental Activities</u>	<u>Component Unit Fire</u>	<u>Component Unit Library</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,397,116	\$ 2,282,230	\$ 372,118
Receivables			
Special assessments	82,175		
Taxes	1,106,049	823,399	418,508
Intergovernmental	16,973	205,712	40,575
State shared revenues	168,735		
Other	130,712		
Prepaid expenses	18,525	125,362	539
Capital assets - not depreciated	1,280,929	1,857,202	171,000
Capital assets - net of depreciation	<u>1,739,721</u>	<u>2,645,837</u>	<u>2,860,261</u>
Total assets	<u>6,940,935</u>	<u>7,939,742</u>	<u>3,863,001</u>
<u>LIABILITIES</u>			
Accrued OPEB	591,023	578,966	
Accounts payable - trade	253,185	148,271	22,328
Deferred revenues	2,207,444	1,697,490	835,003
Accrued wages	11,980	16,267	9,914
Compensated absences	3,917	7,009	31,131
Bonds payable			
Current	260,000		
Non-current	1,445,000		
Installment purchase			
Current		136,950	
Non-current		<u>410,850</u>	
Total liabilities	<u>4,772,549</u>	<u>2,995,803</u>	<u>898,376</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,315,650	3,955,539	2,860,261
Restricted	182,265	988,400	104,364
Unrestricted	<u>670,471</u>		
Total net assets	<u>\$ 2,168,386</u>	<u>\$ 4,943,939</u>	<u>\$ 2,964,625</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit Fire	Component Unit Library
GOVERNMENTAL ACTIVITIES							
General government	\$ (1,246,271)	\$ 313,824	\$ 3,850	\$	\$ (928,597)	\$	\$
Police protection	(1,647,977)	151,335			(1,496,642)		
Culture and recreation	(505,272)	109,425			(395,847)		
Public works	(189,495)	1,050	28,175		(160,270)		
Interest on long-term debt	(43,058)				(43,058)		
Total governmental activities	\$ (3,632,073)	\$ 575,634	\$ 32,025		(3,024,414)		
Component Units							
Fire	\$ (2,308,053)	\$ 311,794	\$ 8,880			(1,987,379)	
Library	(1,102,202)	9,395	33,132	28,100			(1,031,575)
Total component units	\$ (3,410,255)	\$ 321,189	\$ 42,012	\$ 28,100		(1,987,379)	(1,031,575)
General revenues							
Property taxes					2,102,415	1,704,122	744,707
Special assessments					68,524		
State shared revenues					1,035,585		
Investment earnings					17,228	21,264	
Other income					85,799	961	7,524
Gain (loss) on disposal of assets							(16)
Total general revenues					3,309,551	1,726,347	752,215
Changes in net assets					285,137	(261,032)	(279,360)
Net assets, January 1, 2012					1,952,865	5,204,971	3,243,985
Prior period adjustment					(69,616)		
Net assets, December 31, 2012					\$ 2,168,386	\$ 4,943,939	\$ 2,964,625

The notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BRANDON

BALANCE SHEET
GOVERNMENTAL FUNDS AND COMPONENT UNITS
DECEMBER 31, 2012

	<u>General Fund</u>	<u>Police Fund</u>	<u>Designated</u>
<u>ASSETS</u>			
ASSETS			
Cash and investments	\$ 483,696	\$ 987,152	\$ 505,902
Receivables			
Taxes	213,293	737,936	
Accounts		84,691	
Special assessments			
Due from other funds	54,784	77,206	
Other governmental units	168,735		
Prepaid expenditures	15,304	265	
Total assets	<u>\$ 935,812</u>	<u>\$ 1,887,250</u>	<u>\$ 505,902</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 81,256	\$ 168,324	\$
Accrued wages	11,433	178	
Due to other funds	3,252	120,178	16,900
Deferred revenue	421,539	1,472,731	
Total liabilities	<u>517,480</u>	<u>1,761,411</u>	<u>16,900</u>
FUND BALANCES			
Nonspendable for:			
Prepays	15,304	265	
Restricted for:			
Fire protection			
Police protection		113,734	
Parks and recreation			
Debt service			
Library			
Public works			
Committed for:			
Cable			
Recreation			12,334
Municipal improvement			470,101
Cemetery			6,567
Assigned for future budget deficit	168,000	11,840	
Unassigned	235,028		
Total fund balance	<u>418,332</u>	<u>125,839</u>	<u>489,002</u>
Total liabilities and fund balance	<u>\$ 935,812</u>	<u>\$ 1,887,250</u>	<u>\$ 505,902</u>

The notes are an integral part of the financial statements.

Library Debt Service Fund	Other Non-major Funds	Totals	Component Units	
			Fire Fund	Library Fund
\$ 166,624	\$ 253,742	\$ 2,397,116	\$ 2,282,230	\$ 372,118
154,820		1,106,049	823,399	418,508
	46,021	130,712		
	82,175	82,175		
15,732	13,980	161,702	209,314	42,522
		168,735		
	2,956	18,525	125,362	539
<u>\$ 337,176</u>	<u>\$ 398,874</u>	<u>\$ 4,065,014</u>	<u>\$ 3,440,305</u>	<u>\$ 833,687</u>
\$	\$ 3,605	\$ 253,185	\$ 148,271	\$ 22,328
	369	11,980	16,267	9,914
798	3,601	144,729	3,602	1,947
308,910	123,263	2,326,443	1,697,490	835,003
<u>309,708</u>	<u>130,838</u>	<u>2,736,337</u>	<u>1,865,630</u>	<u>869,192</u>
	2,956	18,525	125,362	539
			454,995	
		113,734		
	3,502	3,502		
27,468		27,468		
				(36,044)
	37,561	37,561		
	218,919	218,919		
		12,334		
		470,101		
	142	6,709		
	4,956	184,796	994,318	
		235,028		
<u>27,468</u>	<u>268,036</u>	<u>1,328,677</u>	<u>1,574,675</u>	<u>(35,505)</u>
<u>\$ 337,176</u>	<u>\$ 398,874</u>	<u>\$ 4,065,014</u>	<u>\$ 3,440,305</u>	<u>\$ 833,687</u>

CHARTER TOWNSHIP OF BRANDON

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS
OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

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

Total governmental fund balances		\$ 1,328,677
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	\$ 4,069,877	
Depreciation	<u>(1,049,227)</u>	
Total		3,020,650
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable	(1,705,000)	
Accrued compensated absences	<u>(3,917)</u>	
Total		(1,708,917)
Other post employment benefit obligations liability not recognized under fund accounting		(591,023)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		<u>118,999</u>
Net assets of governmental activities		<u><u>\$ 2,168,386</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS
COMPONENT UNIT - FIRE FUND
DECEMBER 31, 2012**

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

Total governmental fund balances		\$ 1,574,675
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Non-depreciable capital assets	\$ 1,857,202	
Depreciable capital assets	<u>2,645,837</u>	
Total		4,503,039
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable	(547,800)	
Accrued compensated absences	<u>(7,009)</u>	
Total		(554,809)
Other Post Employment Benefit obligations liability not recognized under fund accounting		<u>(578,966)</u>
Net assets of governmental activities		<u><u>\$ 4,943,939</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS
COMPONENT UNIT - LIBRARY
DECEMBER 31, 2012

**Amounts reported for governmental activities in the Statement
of Net Assets are different because:**

Total governmental fund balances		\$ (35,505)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	\$ 6,246,839	
Depreciation	<u>(3,215,578)</u>	
Total		3,031,261
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Accrued compensated absences		<u>(31,131)</u>
Net assets of governmental activities		<u><u>\$ 2,964,625</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Designated Fund</u>
REVENUES			
Taxes	\$ 428,100	\$ 1,363,828	\$
Licenses and permits	78,638		
Intergovernmental	1,035,585		
Charges for services	16,190	130,789	
Interest	5,143	7,366	3,514
Miscellaneous	96,016	20,546	80,736
Special assessments - principal			
Special assessments - interest			
Public donations			
Total revenues	<u>1,659,672</u>	<u>1,522,529</u>	<u>84,250</u>
EXPENDITURES			
General government	1,115,428		
Public safety	79,996	1,640,985	
Public works	104,823		
Culture and recreation	240,261		
Capital outlay			
Senior Center	53,560		
Fire			
Debt service			
Principal			
Interest and fiscal charges			
Total expenditures	<u>1,594,068</u>	<u>1,640,985</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>65,604</u>	<u>(118,456)</u>	<u>84,250</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets			
Transfers in	120,122	20,000	177,880
Transfers out	(202,260)		(97,748)
Total other financing sources (uses)	<u>(82,138)</u>	<u>20,000</u>	<u>80,132</u>
Net change in fund balance	(16,534)	(98,456)	164,382
FUND BALANCE, JANUARY 1, 2012	434,866	335,911	324,620
PRIOR PERIOD ADJUSTMENT		(111,616)	
FUND BALANCE (DEFICIT), DECEMBER 31, 2012	<u>\$ 418,332</u>	<u>\$ 125,839</u>	<u>\$ 489,002</u>

The notes are an integral part of the financial statements.

Library Debt Service Fund	Other Non-major Funds	Totals	Component Units	
			Fire Fund	Library Fund
\$ 310,487	\$	\$ 2,102,415	\$ 1,704,122	\$ 744,707
		78,638		
		1,035,585		
	285,451	432,430	311,794	9,395
201	1,004	17,228	21,264	2,418
	8,449	205,747	961	66,338
	74,137	74,137		
	3,127	3,127		
			8,880	
<u>310,688</u>	<u>372,168</u>	<u>3,949,307</u>	<u>2,047,021</u>	<u>822,858</u>
		1,115,428		
		1,720,981	2,201,852	
	76,339	181,162		
	225,944	466,205		921,656
		53,560		
			28,995	
260,000		260,000		
43,058		43,058		
<u>303,058</u>	<u>302,283</u>	<u>3,840,394</u>	<u>2,230,847</u>	<u>921,656</u>
<u>7,630</u>	<u>69,885</u>	<u>108,913</u>	<u>(183,826)</u>	<u>(98,798)</u>
	35,228	353,230		
	(53,222)	(353,230)		
	(17,994)			
7,630	51,891	108,913	(183,826)	(98,798)
19,838	174,145	1,289,380	1,758,501	63,293
	42,000	(69,616)		
<u>\$ 27,468</u>	<u>\$ 268,036</u>	<u>\$ 1,328,677</u>	<u>\$ 1,574,675</u>	<u>\$ (35,505)</u>

CHARTER TOWNSHIP OF BRANDON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

Net change in fund balances - governmental funds		\$ 108,913
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The net amount of capital outlay expenditures and depreciation is as follows:</p>		
Capital outlay	\$ 53,560	
Depreciation expense	<u>(107,044)</u>	
Net		(53,484)
<p>Repayment of bond and contract payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets</p>		
Repayment of bonds payable		260,000
<p>Accrued absences for vacation and sick time for the employees is recorded on the Statement of Net Assets</p>		
Accrued absences at December 31, 2011	5,722	
Accrued absences at December 31, 2012	<u>(3,917)</u>	
Net		1,805
Other Post Employment Benefit expense not recognized for fund accounting		(23,357)
<p>Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are initially (first year of assessment) levied for the Statement of Activities</p>		
Principal levied on assessments/net of levy		<u>(8,740)</u>
Change in net assets of governmental activities		<u><u>\$ 285,137</u></u>

The notes are an integral part of the financial statements

CHARTER TOWNSHIP OF BRANDON

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
COMPONENT UNIT - FIRE FUND
DECEMBER 31, 2012

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

Net change in fund balances - governmental funds		\$ (183,826)
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The net amount of capital outlay expenditures and depreciation is as follows:</p>		
Capital outlay	\$ 28,995	
Depreciation expense	<u>(202,421)</u>	
Net		(173,426)
Accrued absences for vacation and sick time for the employees is recorded on the Statement of Net Assets		(214)
Accrued sick and vacation		
Other Post Employment Benefit expense not recognized for fund accounting		(85,329)
Repayment of installment payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		<u>181,763</u>
Change in net assets of governmental activities		<u><u>\$ (261,032)</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
COMPONENT UNIT - LIBRARY
DECEMBER 31, 2012

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

Net change in fund balances - governmental funds \$ (98,798)

Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities the cost of those
assets is allocated over their useful lives as depreciation
expense. The net amount of capital outlay expenditures and
depreciation is as follows:

Depreciation expense	\$ (173,589)	
Disposal of assets	<u>(16)</u>	
Net		(173,605)

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

Accrued absences at December 31, 2011	24,174	
Accrued absences at December 31, 2012	<u>(31,131)</u>	
Net		<u>(6,957)</u>

Change in net assets of governmental activities \$ (279,360)

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

FIDUCIARY FUNDS
COMBINED BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 462,215
Due from other funds	9,766
Due from others	<u>1,901</u>
Total assets	<u><u>\$ 473,882</u></u>

LIABILITIES

LIABILITIES

Due to others	\$ 200,856
Due to other funds	<u>273,026</u>
Total liabilities	<u><u>\$ 473,882</u></u>

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Brandon was incorporated as a Michigan Charter Township under the provisions of P.A. 359 of 1947, as amended. The Township covers an area of approximately 36 square miles. The Township operates under an elected Board of Trustees and provides services to approximately 15,500 residents including police and fire protection, building ordinance enforcement, community services and enrichment, elections, tax assessments, planning, and street lighting.

The accounting policies of the Charter Township of Brandon conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

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

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

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Township reports the following major governmental funds:

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

The Designated Fund accounts for the activities related to committing funds for specific board purposes. This fund is primarily supported through interest and transfers from other funds.

The Police Fund accounts for the activities related to operating police protection services. This fund is primarily supported through the collection of property taxes.

The Library Debt Service Fund accounts for the activities surrounding debt related to the Library. The fund is primarily supported through the collection of property taxes.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2011 levy was assessed at an adjusted taxable value of \$421,560,773. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General township operations	1.0000
Police	3.2500
Fire	4.1905
Library	1.7739
Library Debt Service	<u>0.7400</u>
Total millage	<u><u>10.9544</u></u>

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CAPITAL ASSETS

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

Capital assets are defined as assets with an initial, individual cost of more than \$500 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Buildings, structures and improvements	10 to 50 years
Machinery, equipment, furniture	5 to 40 years

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

F. MANAGEMENT ESTIMATES

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

G. RISK MANAGEMENT

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

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Charter Township of Brandon as the primary government have been included in the financial statements.

Component Units

1. The Library operates under PA 164, thus the Library Board is independently elected, approves its own budget, maintains control over expenditures of all funds credited to the Library and has the responsibility to see that adequate funding is provided. The Township has chosen to report the Library Fund as a separate discretely presented component unit of the Township's audited financial statements.

2. The Fire Department was created by the Township and the Village of Ortonville under an agreement in 1954. There is a joint Fire Board which is made up of representatives from the Township and Village. The budget process requires approvals from the Township Board of Trustees, Village Council and the joint Fire Board. The Township has chosen to report the Fire Department as a separate discretely presented component unit of the Township's audited financial statements.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

All interfund balances are short-term in character. Interfund balances will be collected and paid during the next reporting period. These amounts are reported as current assets/liabilities in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund	Ambulance Fund	\$ 1,106
General Fund	Designated Fund	16,900
General Fund	Current Tax Fund	27,439
General Fund	Payroll Fund	2,994
General Fund	Health Reimbursement Fund	2
General Fund	BCN Health Reimbursement Fund	3,000
General Fund	Delinquent Tax	172
General Fund	Presidio/Freedom Trail	3,133
Police Fund	General Fund	2,187
Delinquent Tax Fund	General Fund	1,040
Police Fund	Current Tax Fund	75,019
Fire Fund	Police Fund	116,680
Delinquent Tax Fund	Police Fund	3,498
Delinquent Tax Fund	Fire Equipment & Housing Fund	674
Fire Equipment & Housing Fund	Current Tax Fund	18,870
Fire Fund	Current Tax Fund	69,764
Fire Fund	BCN Health Reimbursement	3,000
Delinquent Tax Fund	Fire Fund	1,822
Fire Ambulance Fund	BCN Health Reimbursement Fund	1,000
Library DSF	Current Tax Fund	15,732
Delinquent Tax Fund	Library DSF	798
Presidio & Freedom Trail Fund	Current Tax Fund	430
Presidio & Freedom Trail Fund	Delinquent Tax Fund	1,787
Trust & Agency Fund	General Fund	25
Upper Bushman Fund	Zarieda St Sewer Fund	468
Lake Louise Fund	Current Tax Fund	2,707
Shelmar Fund	Current Tax Fund	260
Legault Fund	Current Tax Fund	546
Upper Bushman Fund	Delinquent Tax Fund	930
Lake Louise	Delinquent Tax Fund	6,317
Legault Fund	Delinquent Tax Fund	535
General Fund	Library Fund	38
Library Fund	Current Tax Fund	42,522
Delinquent Tax Fund	Library Fund	1,909
		<u>\$ 423,304</u>

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (continued)

The following interfund transfers were made for cash flow purposes during the year ended December 31, 2012.

TRANSFER IN	TRANSFER OUT	AMOUNT
General Fund	Designated Fund	\$ 66,900
Police Fund	General Fund	20,000
Designated Fund	General Fund	177,880
Recreation Fund	Designated Fund	22,248
Cemetery Fund	General Fund	4,380
Cemetery Fund	Designated Fund	8,600
General Fund	Cable Fund	53,222
		\$ 353,230

NOTE 4 - TOWNSHIP PENSION PLANS

DEFINED CONTRIBUTION PLAN - The Township originally adopted a Defined Contribution Plan with Manulife in July 1977, which has since become John Hancock. The plan is offered to both Township and Library elected officials and eligible full-time employees who are at least 18 years of age and have provided three months of service. The Township contributes 12% of compensation. Employees are permitted to make voluntary after-tax contributions in amounts ranging from 1-15%. As of December 31, 2012 no employees had elected to make after-tax contributions. Benefits attributable to employer contributions are 100% vested. Employees are eligible for normal retirement at age 65.

A summary of the most recent available plan's activity for the period January 1, 2012 through December 31, 2012 for both Township and Library employees is as follows:

Total Value January 1, 2012	\$ 382,271
Employee Contributions	2,792
Employer Contributions	45,156
Investment Income (loss)	51,331
Interest earned	1,123
Charges	(3,721)
Total Value December 31, 2012	\$ 478,952

The Township made contributions totaling \$45,156 for the year ended December 31, 2012. Covered and total payroll was \$378,584 and \$1,634,619 respectively for the year ended December 31, 2012.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - TOWNSHIP PENSION PLANS (continued)

DEFERRED COMPENSATION PLAN - Brandon Township participates in two deferred compensation plans established by the Michigan Township Association Master Deferral Compensation Plan pursuant to Section 457(b) of the Internal Revenue Code. All full-time Township employees are eligible to participate. Participants may elect to contribute, and revoke the election to contribute, at any time. The plans are administered by the Township and serviced through ING and Security Benefits/Cambridge. The Township does not contribute any funds to these plans.

DEFINED BENEFIT PLAN - Brandon Township participates in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined public employee retirement plan created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits on a voluntary basis to the State's local government employees. Under Public Act 220, MERS became an independent public non-profit corporation independent from State government. The effective date of independence was August 15, 1996, at which time MERS ceased to be a part of the State of Michigan, Department of Management and Budget. Full-time employees and elected officials are eligible to participate in the plan. Covered and total payrolls for the year ended December 31, 2012 were \$1,286,940 and \$1,625,023 respectively. As of December 31, 2012 there were 29 active employees enrolled in the plan. Total contributions made to the plan during the year ended December 31, 2012 were \$122,050.

The following information, which is the most current available, was obtained from the Township's actuarial consultants, the Gabriel Roeder Smith & Company. The amount disclosed as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (a) help users assess the plan's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) allow for comparisons among employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 2011. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.9% to 4.5% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 - TOWNSHIP PENSION PLANS (continued)

At December 31, 2011, the unfunded pension benefit obligation was \$672,656 determined as follows:

GASB 25 INFORMATION (AS OF DECEMBER 31, 2011)

Actuarial Accrued Liability:	
Retirees and beneficiaries currently receiving benefits	\$ 2,173,033
Terminated employees (vested former members) not yet receiving benefits	34,918
Non-vested terminated employees (pending refunds of accumulated member contributions)	1,063
Current employees	
Accumulated employee contributions including allocated investment income	<u>3,018,428</u>
Total actuarial accrued liability	5,227,442
Net assets available for benefits, actuarial value (Market Value is \$3,777,351)	<u>4,554,786</u>
Unfunded actuarial accrued liability	<u>\$ 672,656</u>

GASB 27 INFORMATION (AS OF DECEMBER 31, 2011)

Fiscal year Beginning January 1, 2012	
Annual Required Contribution (ARC)	\$ 127,656
Amortization Factor Used - Underfunded liabilities (27 years)	0.055889
Amortization Factor Used - Overfunded liabilities (10 years)	0.119963

SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED)

In accordance with the Governmental Accounting Standards Board Statements No. 25 and 27, the following information is a required part of the basic financial statements.

ANALYSIS OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Actuarial Liability (UAAL)</u>	<u>Unfunded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2010	\$ 4,389,854	4,995,880	\$ 606,026	12.1%	\$1,303,727	46%
December 31, 2011	\$ 4,554,786	\$ 5,227,442	\$ 672,656	12.8%	\$1,300,784	52%

The annual Actuarial Report was not available at the time of writing this report, thus information could not be provided for the year ended December 31, 2012.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS

As of the fiscal year ended December 31, 2011, Brandon Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 45 which addresses the reporting and disclosure requirements for other postemployment benefits (OPEB). GASB No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," requires the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

Plan Description: The Township is a member of the Michigan Employees' Retirement System (MERS), an agent-multiple retiree health care funding vehicle that accumulates funds for postemployment health care benefits. Elected officials and full-time employees that have reached his or her fifty-fifth birthday are eligible for health care benefits as follows:

- Individuals with at least twenty years of service and 55 years of age are eligible for continued healthcare benefits consistent with the plan in effect for retirees at time of retirement. This benefit terminates upon the death of the retiree.
- Starting November 1, 2012 all subsequent hires would require 25 years of service and attain the age of 60 years.
- Individuals who opt out of the Township offered health care coverage can receive a \$2,000 lump sum payment annually. This benefit terminates upon the death of the retiree.

The Township pays for the entire cost of these benefits without provisions for employee contributions or cost sharing for employees hired prior to January 2006. There is also a 2% contribution made by all active members through payroll deduction. Employees hired after January 2006 are required to pay 15% of the single rate premium and an additional 5% if they choose to cover their spouse and/or children. Currently there are seven individuals receiving these benefits (four from the Township and three from the Fire Department). The total expenditures at the fund level to fund these benefit programs amounted to \$136,040 (\$64,732 funded by the Township and \$71,308 funded by the Fire Department). These expenditures include contributions to fund the actuarially determined annual required contribution (ARC) for the year which is used in determining the unfunded actuarial accrued liability that existed when GASB Statement No. 45 was implemented.

Funding Policy: Under GASB Statement No. 45 the Township has no obligation to make contributions prior to the time insurance premiums are due to be paid. In essence, the Township may fund these obligations on a pay-as-you-go basis. The Township has established a MERS trust account to attempt to fund this benefit.

Funding Status and Progress: As of December 31, 2011, the most recent actuarial valuation date, the funding status and progress was as follows:

Actuarial Accrued Liability (AAL)	\$ 4,695,024
Actuarial Value of Assets	356,107
Unfunded AAL (UAAL)	4,338,917
Funded ratio	7.6%
Ratio of UAAL to covered payroll	not available

As of December 31, 2012 the Township had \$596,451 in assts to fund this benefit.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Liability: The Township's annual OPEB cost is calculated based on the annual required contribution (ARC), an actuarially determined contribution rate determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The following shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation:

	<u>TOTAL</u>	<u>OFFICE</u>	<u>FIRE</u>
Annual required contribution (ARC)	\$ 460,180	\$ 196,355	\$ 263,825
Interest on net OPEB obligation	74,291	39,737	34,554
Adjustment to ARC	<u>(89,745)</u>	<u>(48,003)</u>	<u>(41,742)</u>
Annual OPEB cost / expense	444,726	188,089	256,637
Contributions made	<u>(336,040)</u>	<u>(164,732)</u>	<u>(171,308)</u>
Increase in OPEB obligation	108,686	23,357	85,329
Net OPEB obligation, beginning of year	<u>1,061,303</u>	<u>567,666</u>	<u>493,637</u>
Net OPEB obligation, end of year	<u><u>\$ 1,169,989</u></u>	<u><u>\$ 591,023</u></u>	<u><u>\$ 578,966</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) is as follows:

Year Ended	Annual OPEB	Amount	Percentage	Net OPEB
December 31,	Cost	Contributed	Contributed	Obligation
2009	\$ 401,579	\$ 70,247	17%	\$ 331,332
2010	\$ 446,157	\$ 93,432	21%	\$ 352,725
2011	\$ 493,259	\$ 116,011	24%	\$ 377,248
2012	\$ 444,726	\$ 336,040	76%	\$ 108,686

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based upon the substantive plan (the plan understood by the Township and its 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 Township and its plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The Individual Entry-Age cost method was used in the December 31, 2011 actuarial valuation. Actuarial assumptions used were as follows:

Investment rate of return:	4%
Healthcare cost trend rate:	6% for 2012 grading down to 4.5% in 2016
Amortization method of UAAL:	Level percent of payroll if the divisions are open to new hires and as a level dollar if divisions are closed to new hires.
Remaining Amortization Periods of UAAL at December 31, 2012:	26 years

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

Governmental Activities	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Capital assets not being depreciated:				
Land	\$ 1,227,369	\$	\$	\$ 1,227,369
Construction in progress		53,560		53,560
Subtotal	1,227,369	53,560		1,280,929
Capital assets being depreciated				
Buildings and building improvements	2,387,975			2,387,975
Vehicles	41,335			41,335
Equipment	401,706		42,068	359,638
Total capital assets	2,831,016		42,068	2,788,948
Less accumulated depreciation for:				
Buildings and building improvements	681,737	58,998		740,735
Vehicles	38,576	2,729		41,305
Equipment	263,938	45,317	42,068	267,187
Subtotal - depreciation	984,251	107,044	42,068	1,049,227
Net capital assets being depreciated	1,846,765	(107,044)		1,739,721
Net capital assets	\$ 3,074,134	\$ (53,484)	\$	\$ 3,020,650

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense is allocated to the following activities:

Governmental Activities:	
General government	\$ 52,652
Police	6,992
Sidewalks	8,333
Recreation programs	24,844
Senior citizen services	14,223
	<u>\$ 107,044</u>

A summary of the asset activity for the Fire Department is as follows:

Fire Department	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Capital assets not being depreciated:				
Land	<u>\$ 1,857,202</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,857,202</u>
Capital assets being depreciated:				
Buildings and land improvements	3,219,463			3,219,463
Vehicles	1,964,087	28,995	100,747	1,892,335
Equipment	502,530		19,454	483,076
Total capital assets	<u>5,686,080</u>	<u>28,995</u>	<u>120,201</u>	<u>5,594,874</u>
Less accumulated depreciation for:				
Buildings and land improvements	1,218,637	67,435		1,286,072
Vehicles	1,285,654	118,118	100,747	1,303,025
Equipment	362,526	16,868	19,454	359,940
Subtotal - depreciation	<u>2,866,817</u>	<u>202,421</u>	<u>120,201</u>	<u>2,949,037</u>
Net capital assets being depreciated	<u>2,819,263</u>	<u>(173,426)</u>		<u>2,645,837</u>
Net capital assets	<u>\$ 4,676,465</u>	<u>\$ (173,426)</u>	<u>\$</u>	<u>\$ 4,503,039</u>

CHARTER TOWNSHIP OF BRANDON

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 6 - CAPITAL ASSETS (continued)

A summary of the asset activity for the Library is as follows:

Library	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Non-depreciable items				
Land	\$ 171,000	\$	\$	\$ 171,000
Depreciable items				
Buildings and land improvements	3,796,414			3,796,414
Computer equipment	50,774		14,209	36,565
Equipment	35,413		7,500	27,913
Library materials	1,742,374			1,742,374
Furniture and fixtures	472,573			472,573
Total capital assets	6,097,548		21,709	6,075,839
Accumulated depreciation				
Buildings and land improvements	1,124,878	94,910		1,219,788
Computer equipment	40,827	4,411	14,193	31,045
Equipment	27,820	1,065	7,500	21,385
Library materials	1,397,584	73,203		1,470,787
Furniture and fixtures	472,573			472,573
Subtotal - depreciation	3,063,682	173,589	21,693	3,215,578
Net capital assets being depreciated	3,033,866	(173,589)	16	2,860,261
Net capital assets	\$ 3,204,866	\$ (173,589)	\$ 16	\$ 3,031,261

NOTE 7 - 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. Capital leases and installment purchase agreements are also general obligations of the government.

Description	Amount
Governmental Activities	
General obligations:	
2010 Library Refunding LTGO bonds, issued in the amount of \$2,230,000 to finance library construction. The bond bears interest from 2% to 2.7%, and matures through 2018	<u>\$ 1,705,000</u>
Component Units Activities	
Installment purchase agreements:	
2006 installment purchase agreement, issued in the amount of \$1,369,500 to purchase land for a future fire station. The agreement bears interest at 4.069% and matures through 2016	<u>\$ 547,800</u>

CHARTER TOWNSHIP OF BRANDON

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 7 - LONG-TERM DEBT (continued)

The following is a summary of changes in long term debt for the year.

	<u>Balance 1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2012</u>	<u>Due within one year</u>
Governmental Activities					
General obligation bonds	\$ 1,965,000	\$	\$ 260,000	\$ 1,705,000	\$ 260,000
Accumulated compensated absences	5,722	1,073		6,795	
Total general obligations	<u>\$ 1,970,722</u>	<u>\$ 1,073</u>	<u>\$ 260,000</u>	<u>\$ 1,711,795</u>	<u>\$ 260,000</u>
Component Unit Activities					
Installment purchase obligations	\$ 729,563	\$	\$ 181,763	\$ 547,800	\$ 136,950
Accumulated compensated absences	30,969	7,171		38,140	
Total component unit	<u>\$ 760,532</u>	<u>\$ 7,171</u>	<u>\$ 181,763</u>	<u>\$ 585,940</u>	<u>\$ 136,950</u>

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

	<u>Governmental Activities</u>				<u>Component Units</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 260,000	\$ 35,690	\$ 295,690	2013	\$ 136,950	\$ 22,290	\$ 159,240
2014	275,000	30,340	305,340	2014	136,950	16,717	153,667
2015	280,000	24,790	304,790	2015	136,950	11,145	148,095
2016	290,000	18,800	308,800	2016	136,950	5,573	142,523
2017	295,000	11,923	306,923	2017			
2018	305,000	4,118	309,118	2018			
Total	<u>\$ 1,705,000</u>	<u>\$ 125,661</u>	<u>\$ 1,830,661</u>	Total	<u>\$ 547,800</u>	<u>\$ 55,725</u>	<u>\$ 603,525</u>

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in all of the investments mentioned in the preceding paragraph.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

As of December 31, 2012 cash, cash equivalents and investments consist of the following:

CASH AND INVESTMENTS - GOVERNMENTAL ACTIVITIES AND COMPONENT UNITS

Deposits

Deposits with financial institutions	\$ 4,233,466
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Investments

Oakland County Investment Pool	<u>2,585,411</u>
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Total deposits and investments	<u><u>\$ 6,818,877</u></u>
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Deposits and investments are presented in the financial statements in the following areas:

Statement of Net Assets

Deposits and investments	\$ 5,051,464
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Fiduciary Funds

Deposits and investments	<u>462,215</u>
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Total deposits and investments	<u><u>\$ 5,513,679</u></u>
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The carrying amount of cash is stated at \$5,513,679 as of December 31, 2012. The difference between the carrying amounts and amounts mentioned above stem from petty cash and outstanding items.

The investments are held with Oakland County's Local Government Investment Pool (LGIP). The LGIP is managed in accordance with the "2A-7 like pool" risk limiting requirements of GASB No. 31. The portfolio securities are valued by the amortized cost method and on a monthly basis the valuation is compared to current market to monitor any variance. At time of purchase, maturities must have a remaining maturity of 3 years or less. The weighted average maturity of the LGIP is approximately 1,000 days. The Township has the ability to withdraw its investments at any time without penalty.

DEPOSIT AND INVESTMENT RISK

The Government Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

INTEREST RATE RISK

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

CREDIT RISK

State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with maximum maturities and ratings when purchased, banker's acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as indentified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The Township's investments were not rated as of December 31, 2012.

CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial risk. As of December 31, 2012 the custodial credit risk is as follows:

Insured by FDIC	\$ 1,320,709
Uninsured and uncollateralized	<u>2,912,757</u>
	<u><u>\$ 4,233,466</u></u>

CUSTODIAL CREDIT RISK - INVESTMENTS

For an investment, 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. State law does not require and the Township does not have a policy for investment custodial credit risk. The Township's investments at December 31, 2012 are not subject to custodial credit risk.

CASH AND INVESTMENTS - COMPONENT UNIT (FIRE)

Deposits	
Deposits with financial institutions	\$ 930,070
Investments	
Oakland County Investment Pool	<u>1,331,585</u>
Total deposits and investments	<u><u>\$ 2,261,655</u></u>
Cash and investments are presented in the financial statements in the following areas:	
Statement of Net Assets - Component Unit (Fire)	
Cash and investments	<u><u>\$ 2,282,230</u></u>

The carrying amount of cash is stated at \$2,282,230 as of December 31, 2012. The difference between the carrying amounts and amounts mentioned above stem from petty cash and outstanding items.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

CUSTODIAL CREDIT RISK - DEPOSITS - COMPONENT UNIT (FIRE)

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial risk. As of December 31, 2012 the custodial credit risk is as follows:

Insured by FDIC	\$	49,560
Uninsured and uncollateralized		880,510
		\$ 930,070

All other deposit and investment risk assessments are the same as previously mentioned under Governmental Activities and Component Units.

CASH AND INVESTMENTS - COMPONENT UNIT (LIBRARY)

Deposits		
Deposits with financial institutions	\$	387,931
Investments		
Oakland County Investment Pool		91
Total deposits and investments		\$ 388,022

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

Statement of Net Assets - Component Unit		
Cash and investments	\$	372,118

The carrying amount of cash is stated at \$372,118 as of December 31, 2012. The difference between the carrying amount and amounts mentioned above stem from petty cash and outstanding items.

CUSTODIAL CREDIT RISK - DEPOSITS - COMPONENT UNIT (LIBRARY)

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial risk. As of December 31, 2012 the custodial credit risk is as follows:

Insured by FDIC	\$	-
Uninsured and uncollateralized		387,931
		\$ 387,931

All other deposit and investment risk assessments are the same as previously mentioned under Governmental Activities and Component Units.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 9 - CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of Township management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the Township's financial position, results of operations, or cash flows.

NOTE 10 - PRIOR PERIOD ADJUSTMENTS

The following prior-period adjustments were made after review of the circumstances surrounding each transaction.

<u>Police Fund</u>	
	A payment made representing the fixed portion of the police contract was not accrued as an expenditure
<u>\$ (111,616)</u>	in 2010 and 2011.

<u>Cable Fund</u>	
	Franchise fees received that were for the prior year.
<u>\$ 42,000</u>	

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 11 - NEW ACCOUNTING STANDARDS

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the resources reported in the governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications of non-spendable, restricted, committed, assigned and unassigned.

The hierarchy of five possible classifications of fund balance is:

Nonspendable Fund Balance

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually (corpus or principal of a permanent fund).

Restricted Fund Balance

- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. This is the same definition used by GASB Statement no. 34, Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments, for restricted net assets.

Committed Fund Balance

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned Fund Balance

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.
- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.
- For all governmental funds other than the general fund, amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 434,455	\$ 434,455	\$ 428,100	\$ (6,355)
Licenses and permits	52,704	55,704	78,638	22,934
Intergovernmental	873,000	899,500	1,035,585	136,085
Charges for services	7,000	12,100	16,190	4,090
Interest	4,000	4,000	5,143	1,143
Other revenues	85,982	105,888	96,016	(9,872)
Total revenues	1,457,141	1,511,647	1,659,672	148,025
EXPENDITURES				
Trustees	12,000	12,000	11,411	589
Supervisor	107,701	110,043	109,256	787
Elections	61,150	88,790	69,405	19,385
Assessor	69,950	69,950	65,901	4,049
Clerk	126,469	132,012	128,714	3,298
Board of review	3,550	3,550	1,943	1,607
Treasurer	121,400	124,622	120,767	3,855
Township Hall	49,950	49,950	42,164	7,786
Senior Activity Center	51,076	52,342	54,350	(2,008)
Senior Van	56,302	57,763	59,830	(2,067)
Community development	32,239	32,239	73,288	(41,049)
Other costs	46,325	71,025	76,117	(5,092)
Building inspection	91,093	100,887	79,996	20,891
Ordinance enforcement	1,000	1,000	765	235
Metro Authority	11,000	11,000	11,000	
Street lighting	22,500	22,500	21,137	1,363
Roads	64,000	71,500	83,686	(12,186)
Recreation	47,073	54,572	52,793	1,779
Township parks operation	22,250			
Planning commission	9,625	9,625	6,610	3,015
Appeal Board	6,630	6,630	3,783	2,847
Equipment shared expenditures	25,750	25,750	21,471	4,279
Insurance and bonds	39,200	39,200	25,978	13,222
Other functions	443,543	544,923	473,703	71,220
Total expenditures	1,521,776	1,691,873	1,594,068	97,805
Excess (Deficiency) of revenues over (under) expenditures	(64,635)	(180,226)	65,604	245,830
OTHER FINANCING SOURCES (USES)				
Transfers in	124,222	103,222	120,122	16,900
Transfers (out)	(233,197)	(365,496)	(202,260)	163,236
Total other financing sources (uses)	(108,975)	(262,274)	(82,138)	180,136
Net change in fund balance	(173,610)	(442,500)	(16,534)	425,966
FUND BALANCE, JANUARY 1, 2012	434,866	434,866	434,866	
FUND BALANCE DECEMBER 31, 2012	\$ 261,256	\$ (7,634)	\$ 418,332	\$ 425,966

CHARTER TOWNSHIP OF BRANDON

POLICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$	\$	\$ 1,363,828	\$
Licenses and permits			4,771	
Interest			7,366	
Other revenues			20,546	
Reimbursement from schools			126,018	
Total revenues	<u>1,490,651</u>	<u>1,490,651</u>	<u>1,522,529</u>	<u>31,878</u>
EXPENDITURES				
Public safety	<u>1,610,814</u>	<u>1,610,814</u>	<u>1,640,985</u>	<u>(30,171)</u>
Excess (deficiency) of revenues over (under) expenditures	(120,163)	(120,163)	(118,456)	1,707
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	
Net change in fund balance	(100,163)	(100,163)	(98,456)	1,707
FUND BALANCE, JANUARY 1, 2012	335,911	335,911	335,911	
PRIOR PERIOD ADJUSTMENT			(111,616)	(111,616)
FUND BALANCE DECEMBER 31, 2012	<u>\$ 235,748</u>	<u>\$ 235,748</u>	<u>\$ 125,839</u>	<u>\$ (109,909)</u>

CHARTER TOWNSHIP OF BRANDON

SCHEDULES OF OPEB FUNDING PROGRESS (UNAUDITED)
DECEMBER 31, 2012

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) is as follows:

Year Ended December 31,	Annual OPEB Cost	Amount Contributed	Percentage Contributed	Net OPEB Obligation
2009	\$ 401,579	\$ 70,247	17%	\$ 331,332
2010	\$ 446,157	\$ 93,432	21%	\$ 352,725
2011	\$ 493,259	\$ 116,011	24%	\$ 377,248
2012	\$ 444,726	\$ 336,040	76%	\$ 108,686

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL
STATEMENTS**

CHARTER TOWNSHIP OF BRANDON

COMBINING BALANCE SHEET
 ALL FUNDS INCLUDED IN GASB 54 CONSOLIDATION - FIRE FUND
 DECEMBER 31, 2012

	<u>Fire Operating</u>	<u>Equipment and Housing</u>	<u>Ambulance</u>
ASSETS			
Cash and investments	\$ 925,943	\$ 366,828	\$ 980,704
Taxes receivable	647,878	175,521	
Due from other funds	189,444	18,870	1,000
Prepaid expenses	123,913	35	1,414
Total assets	<u>1,887,178</u>	<u>561,254</u>	<u>983,118</u>
LIABILITIES			
Accounts payable	138,678	6,407	2,063
Accrued wages	14,701		1,566
Due to other funds	3,055	674	1,106
Deferred revenue	1,336,094	361,396	
Total liabilities	<u>1,492,528</u>	<u>368,477</u>	<u>4,735</u>
FUND BALANCE	<u>394,650</u>	<u>192,777</u>	<u>978,383</u>
Total liabilities and fund balance	<u>\$ 1,887,178</u>	<u>\$ 561,254</u>	<u>\$ 983,118</u>

<u>Public Contributions</u>	<u>Eliminations</u>	<u>Totals Restated Fire and Ambulance Fund</u>
\$ 8,755	\$	\$ 2,282,230
		823,399
1,233	(1,233)	209,314
<u>9,988</u>	<u>(1,233)</u>	<u>125,362</u>
		<u>3,440,305</u>
1,123		148,271
		16,267
	(1,233)	3,602
<u>1,123</u>	<u>(1,233)</u>	<u>1,697,490</u>
		<u>1,865,630</u>
<u>8,865</u>		<u>1,574,675</u>
<u>\$ 9,988</u>	<u>\$ (1,233)</u>	<u>\$ 3,440,305</u>

CHARTER TOWNSHIP OF BRANDON

COMBINING BALANCE SHEET
 ALL FUNDS INCLUDED IN GASB 54 CONSOLIDATION - LIBRARY
 DECEMBER 31, 2012

	<u>Library General Fund</u>	<u>Library Clearing Fund</u>	<u>Totals Restated Library Fund</u>
<u>ASSETS</u>			
ASSETS			
Cash and investments	\$ 372,080	\$ 38	\$ 372,118
Accounts receivable			
Taxes	418,508		418,508
Due from other funds	42,522		42,522
Prepaid expenses	539		539
	<hr/>	<hr/>	<hr/>
Total assets	\$ 833,649	\$ 38	\$ 833,687
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 22,184	\$	\$ 22,184
Accrued wages	9,914		9,914
Deferred revenue	835,003		835,003
Sales tax payable	144		144
Due to other funds	1,909	38	1,947
	<hr/>	<hr/>	<hr/>
Total liabilities	869,154	38	869,192
FUND BALANCE (DEFICIT)	(35,505)		(35,505)
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 833,649	\$ 38	\$ 833,687
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CHARTER TOWNSHIP OF BRANDON

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2012

	Police Fund	Seymour Lake Cemetery Fund	Designated Fund	Recreation Fund	Cable Savings Fund	Presidio and Freedom Trail Fund
ASSETS						
ASSETS						
Cash and investments	\$ 987,152	\$ 142	\$ 505,902	\$ 9,567	\$ 173,483	\$ 14,631
Accounts receivable	84,691				46,021	
Prepaid expenses	265			1,912	1,044	
Taxes receivable	737,936					
Special assessment receivable						49,732
Due from other funds	77,206					2,217
Total assets	\$ 1,887,250	\$ 142	\$ 505,902	\$ 11,479	\$ 220,548	\$ 66,580
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 168,324	\$	\$	\$ 796	\$ 518	\$
Due to other funds	120,178		16,900			3,133
Deferred revenue	1,472,731			4,265		53,603
Accrued wages	178			369		
Total liabilities	1,761,411		16,900	5,430	518	56,736
FUND BALANCES						
Nonspendable for:						
Prepays	265			1,912	1,044	
Restricted for:						
Fire protection						
Police protection	113,734					
Parks and recreation				3,502		
Library						
Public works						9,844
Committed for:						
Cable					218,919	
Recreation			12,334			
Municipal improvement			470,101			
Cemetery		142	6,567			
Assigned for future budget deficit	11,840			635	67	
Total fund balances	125,839	142	489,002	6,049	220,030	9,844
Total liabilities and fund balance	\$ 1,887,250	\$ 142	\$ 505,902	\$ 11,479	\$ 220,548	\$ 66,580

Zarieda Street Fund	Upper Bushman Fund	Lake Louise Fund	Shelmer Lane Fund	Legault Boulevard Fund	Totals	Component Units	
						Fire Fund	Library Fund
\$ 12,669	\$ 8,911	\$ 20,983	\$ 4,887	\$ 8,469	\$ 1,746,796	\$ 2,282,230	\$ 372,118
					130,712		
					3,221	125,362	539
					737,936	823,399	418,508
3,226	2,273	20,305	3,638	3,001	82,175		
	1,398	9,024	260	1,081	91,186	209,314	42,522
<u>\$ 15,895</u>	<u>\$ 12,582</u>	<u>\$ 50,312</u>	<u>\$ 8,785</u>	<u>\$ 12,551</u>	<u>\$ 2,792,026</u>	<u>\$ 3,440,305</u>	<u>\$ 833,687</u>
\$ 467	\$	\$ 1,750	\$ 74	\$	\$ 171,929	\$ 148,271	\$ 22,328
468					140,679	3,602	1,947
6,452	6,922	37,000	5,198	9,823	1,595,994	1,697,490	835,003
					547	16,267	9,914
<u>7,387</u>	<u>6,922</u>	<u>38,750</u>	<u>5,272</u>	<u>9,823</u>	<u>1,909,149</u>	<u>1,865,630</u>	<u>869,192</u>
						3,221	539
							125,362
							454,995
						113,734	
						3,502	
8,508	5,481	7,487	3,513	2,728	37,561		(36,044)
						218,919	
						12,334	
						470,101	
						6,709	
	179	4,075			16,796	994,318	
<u>8,508</u>	<u>5,660</u>	<u>11,562</u>	<u>3,513</u>	<u>2,728</u>	<u>882,877</u>	<u>1,574,675</u>	<u>(35,505)</u>
<u>\$ 15,895</u>	<u>\$ 12,582</u>	<u>\$ 50,312</u>	<u>\$ 8,785</u>	<u>\$ 12,551</u>	<u>\$ 2,792,026</u>	<u>\$ 3,440,305</u>	<u>\$ 833,687</u>

CHARTER TOWNSHIP OF BRANDON

AGENCY FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2012

	<u>Tax Collection Fund</u>	<u>Delinquent Tax Fund</u>	<u>Payroll Fund</u>	<u>Escrow Fund</u>
<u>ASSETS</u>				
ASSETS				
Cash and investments	\$ 422,552	\$	\$ 3,999	\$ 28,560
Due from other funds		9,741		25
Due from others			1,901	
Total assets	<u><u>\$ 422,552</u></u>	<u><u>\$ 9,741</u></u>	<u><u>\$ 5,900</u></u>	<u><u>\$ 28,585</u></u>
<u>LIABILITIES</u>				
LIABILITIES				
Due to others	\$ 169,263	\$	\$ 2,906	\$ 28,585
Due to other funds	253,289	9,741	2,994	
Total liabilities	<u><u>\$ 422,552</u></u>	<u><u>\$ 9,741</u></u>	<u><u>\$ 5,900</u></u>	<u><u>\$ 28,585</u></u>

<u>Health Reimbursement Fund</u>	<u>BCN Health Reimbursement Fund</u>	<u>Totals</u>
\$ 104	\$ 7,000	\$ 462,215 9,766 1,901
<u>\$ 104</u>	<u>\$ 7,000</u>	<u>\$ 473,882</u>

\$ 102	\$ 7,000	\$ 200,856
<u>2</u>	<u>7,000</u>	<u>273,026</u>
<u>\$ 104</u>	<u>\$ 7,000</u>	<u>\$ 473,882</u>

CHARTER TOWNSHIP OF BRANDON

ALL FUNDS INCLUDED IN GASB 54 FIRE FUND CONSOLIDATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Fire Operating</u>	<u>Equipment and Housing</u>	<u>Ambulance</u>
Revenues			
Taxes	\$ 1,341,042	\$ 363,080	\$
Charges for services			311,794
Interest	8,806	3,545	8,897
Miscellaneous	961		
Public contributions			
	<hr/>	<hr/>	<hr/>
Total revenues	<u>1,350,809</u>	<u>366,625</u>	<u>320,691</u>
Expenditures			
Salaries	943,655		89,890
Pension	69,949		5,554
Insurance	383,113		20,521
Payroll taxes	10,221		6,179
Fire protection	253,785	105,529	122,602
Debt payment - principal		181,762	
Debt payment - interest		29,529	
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>1,660,723</u>	<u>316,820</u>	<u>244,746</u>
Excess (deficiency) of revenues over expenditures	(309,914)	49,805	75,945
OTHER FINANCING SOURCES			
Transfer in	100,000		
Transfer (out)			(100,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources	<u>100,000</u>	<u></u>	<u>(100,000)</u>
Net change in fund balance	(209,914)	49,805	(24,055)
FUND BALANCE, JANUARY 1, 2012	<u>604,564</u>	<u>142,972</u>	<u>1,002,438</u>
FUND BALANCE, DECEMBER 31, 2012	<u>\$ 394,650</u>	<u>\$ 192,777</u>	<u>\$ 978,383</u>

<u>Public Contributions</u>	<u>Eliminations</u>	<u>Totals Restated Fire and Ambulance Fund</u>
\$	\$	\$ 1,704,122
		311,794
16		21,264
		961
<u>8,880</u>		<u>8,880</u>
<u>8,896</u>		<u>2,047,021</u>
		1,033,545
		75,503
		403,634
		16,400
8,558		490,474
		181,762
		<u>29,529</u>
<u>8,558</u>		<u>2,230,847</u>
338		(183,826)
	(100,000)	
	<u>100,000</u>	
<u>338</u>		<u>(183,826)</u>
<u>8,527</u>		<u>1,758,501</u>
<u>\$ 8,865</u>	<u>\$</u>	<u>\$ 1,574,675</u>

CHARTER TOWNSHIP OF BRANDON

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Police Fund	Seymour Lake Cemetery Fund	Designated Fund	Recreation Fund	Cable Savings Fund	Presidio and Freedom Trail Fund
REVENUES						
Taxes	\$ 1,363,828	\$	\$	\$	\$	\$
Interest income	7,366		3,514	17	939	
Charges for services	4,771	1,050		109,425	174,976	
Reimbursement from schools	126,018					
Special assessments - principal						8,934
Special assessments - interest						3,127
Other revenue	20,546		80,736	8,449		
Total revenues	1,522,529	1,050	84,250	117,891	175,915	12,061
EXPENDITURES						
Cable					89,412	
Recreation				136,532		
Public works		13,921				
Public safety	1,640,985					
Library						
Total expenditures	1,640,985	13,921		136,532	89,412	
Excess (deficiency) of revenues over expenditures	(118,456)	(12,871)	84,250	(18,641)	86,503	12,061
OTHER FINANCING SOURCES (USES)						
Sale of assets						
Transfers in	20,000	12,980	177,880	22,248		
Transfers (out)			(97,748)		(53,222)	
Total other financing sources (uses)	20,000	12,980	80,132	22,248	(53,222)	
Net change in fund balance	(98,456)	109	164,382	3,607	33,281	12,061
FUND BALANCE, (DEFICIT) JANUARY 1, 2012	335,911	33	324,620	2,442	144,749	(2,217)
PRIOR PERIOD ADJUSTMENT	(111,616)				42,000	
FUND BALANCE, DECEMBER 31, 2012	\$ 125,839	\$ 142	\$ 489,002	\$ 6,049	\$ 220,030	\$ 9,844

Zarieda Street Fund	Upper Bushman Fund	Lake Louise Fund	Shelmer Lane Fund	Legault Boulevard Fund	Totals	Component Unit	
						Fire Fund	Library Fund
\$ 23	\$ 16	\$	\$ 4	\$ 5	\$ 1,363,828	\$ 1,704,122	\$ 744,707
					11,884	21,264	2,418
					290,222	311,794	9,395
					126,018		
6,452	6,923	37,000	5,198	9,630	74,137		
					3,127		
					109,731	9,841	66,338
<u>6,475</u>	<u>6,939</u>	<u>37,000</u>	<u>5,202</u>	<u>9,635</u>	<u>1,978,947</u>	<u>2,047,021</u>	<u>822,858</u>
					89,412		
					136,532		
5,610	7,063	38,388	4,450	6,907	76,339		
					1,640,985	2,230,847	
							921,656
<u>5,610</u>	<u>7,063</u>	<u>38,388</u>	<u>4,450</u>	<u>6,907</u>	<u>1,943,268</u>	<u>2,230,847</u>	<u>921,656</u>
865	(124)	(1,388)	752	2,728	35,679	(183,826)	(98,798)
					233,108		
					(150,970)		
					82,138		
865	(124)	(1,388)	752	2,728	117,817	(183,826)	(98,798)
7,643	5,784	12,950	2,761		834,676	1,758,501	63,293
					(69,616)		
<u>\$ 8,508</u>	<u>\$ 5,660</u>	<u>\$ 11,562</u>	<u>\$ 3,513</u>	<u>\$ 2,728</u>	<u>\$ 882,877</u>	<u>\$ 1,574,675</u>	<u>\$ (35,505)</u>

INDIVIDUAL FUNDS

GENERAL FUND

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$	483,696
Taxes receivable		213,293
Due from other funds		54,784
Due from other governments		168,735
Prepaid expenses		<u>15,304</u>
Total assets	\$	<u><u>935,812</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	81,256
Accrued wages		11,433
Deferred revenue		421,539
Due to other funds		<u>3,252</u>

Total liabilities \$ 517,480

FUND BALANCE

418,332

Total liabilities and fund balance **\$ 935,812**

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 434,455	\$ 428,100	\$ (6,355)
Licenses and permits	55,704	78,638	22,934
Intergovernmental	899,500	1,035,585	136,085
Charges for services	12,100	16,190	4,090
Interest	4,000	5,143	1,143
Other revenues	105,888	96,016	(9,872)
Total revenues	<u>1,511,647</u>	<u>1,659,672</u>	<u>148,025</u>
EXPENDITURES			
Trustees	12,000	11,411	589
Supervisor	110,043	109,256	787
Elections	88,790	69,405	19,385
Assessor	69,950	65,901	4,049
Clerk	132,012	128,714	3,298
Board of review	3,550	1,943	1,607
Treasurer	124,622	120,767	3,855
Township Hall	49,950	42,164	7,786
Senior Activity Center	52,342	54,350	(2,008)
Senior Van	57,763	59,830	(2,067)
Community development	32,239	73,288	(41,049)
Other costs	71,025	76,117	(5,092)
Building inspection	100,887	79,996	20,891
Ordinance enforcement	1,000	765	235
Metro Authority	11,000	11,000	
Street lighting	22,500	21,137	1,363
Roads	71,500	83,686	(12,186)
Recreation	54,572	52,793	1,779
Planning commission	9,625	6,610	3,015
Appeal Board	6,630	3,783	2,847
Equipment shared expenditures	25,750	21,471	4,279
Insurance and bonds	39,200	25,978	13,222
Other functions	544,923	473,703	71,220
Total expenditures	<u>1,691,873</u>	<u>1,594,068</u>	<u>97,805</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(180,226)</u>	<u>65,604</u>	<u>245,830</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	103,222	120,122	16,900
Transfers (out)	(365,496)	(202,260)	163,236
Total other financing sources (uses)	<u>(262,274)</u>	<u>(82,138)</u>	<u>180,136</u>
Net change in fund balance	<u>(442,500)</u>	<u>(16,534)</u>	<u>425,966</u>
FUND BALANCE, JANUARY 1, 2012	<u>434,866</u>	<u>434,866</u>	
FUND BALANCE DECEMBER 31, 2012	<u><u>\$ (7,634)</u></u>	<u><u>\$ 418,332</u></u>	<u><u>\$ 425,966</u></u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES			
Current tax collections	\$	\$ 419,793	\$
Mobile home tax		5,170	
Penalties and collections		3,137	
Total taxes	<u>434,455</u>	<u>428,100</u>	<u>(6,355)</u>
BUSINESS LICENSES AND PERMITS			
Licenses and permits		78,638	
Occupancy permits			
Total business licenses and permits	<u>55,704</u>	<u>78,638</u>	<u>22,934</u>
INTERGOVERNMENTAL			
State shared revenues		994,630	
State SMART grant		40,955	
Total intergovernmental	<u>899,500</u>	<u>1,035,585</u>	<u>136,085</u>
CHARGES FOR SERVICES			
Compliance and appeals fees		7,995	
Dog licenses fees		982	
Site planning fees		4,236	
Other charges for services		813	
SAD fees		2,164	
Total charges for services	<u>12,100</u>	<u>16,190</u>	<u>4,090</u>
OTHER			
Donations		3,850	
School collection fees		20,413	
Senior rental fee		2,925	
CDBG reimbursements		28,175	
Other refunds/reimbursements		34,814	
Interest		5,143	
Miscellaneous		5,839	
Total other	<u>109,888</u>	<u>101,159</u>	<u>(8,729)</u>
Total revenues	<u>\$ 1,511,647</u>	<u>\$ 1,659,672</u>	<u>\$ 148,025</u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TRUSTEES			
Salary	\$	\$ 11,113	\$
Education		298	
Total trustees	<u>12,000</u>	<u>11,411</u>	<u>589</u>
SUPERVISOR			
Supervisor's salary		55,518	
Wages		49,828	
Office supplies		3,209	
Miscellaneous expense		701	
Total supervisor	<u>110,043</u>	<u>109,256</u>	<u>787</u>
ELECTIONS			
Salaries		34,526	
Office supplies		6,151	
School expenses		386	
Mileage		379	
Printing and publishing		811	
Equipment		1,496	
Election grant		6,340	
Primary		14,834	
Maintenance and repair		3,747	
Miscellaneous expense		735	
Total elections	<u>88,790</u>	<u>69,405</u>	<u>19,385</u>
ASSESSOR			
Contracted wages		64,746	
Office supplies		573	
Equipment		582	
Total assessor	<u>69,950</u>	<u>65,901</u>	<u>4,049</u>
CLERK			
Clerk's salary		48,577	
Wages		73,927	
Office supplies		2,854	
Minute indexing		500	
Mileage		97	
Publications		2,193	
Education		167	
Equipment		331	
Passports		68	
Total clerk	<u>132,012</u>	<u>128,714</u>	<u>3,298</u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF REVIEW			
Salaries		1,900	
Publications		43	
Total board of review	<u>3,550</u>	<u>1,943</u>	<u>1,607</u>
TREASURER			
Treasurer's salary		48,577	
Wages		63,159	
Office supplies		5,921	
Publications		366	
Equipment		1,045	
Mileage		446	
Education		1,253	
Total treasurer	<u>124,622</u>	<u>120,767</u>	<u>3,855</u>
TOWNSHIP HALL			
Janitorial		4,473	
Supplies		694	
Utilities/telecommunications		34,860	
Repairs and maintenance		2,137	
Total township hall	<u>49,950</u>	<u>42,164</u>	<u>7,786</u>
SENIOR ACTIVITY CENTER			
Salaries		30,283	
Office supplies		3,975	
Utilities/telecommunications		10,144	
Repair and maintenance		9,948	
Total senior activity center	<u>52,342</u>	<u>54,350</u>	<u>(2,008)</u>
SENIOR VAN			
Salaries		44,315	
Gas/oil		10,374	
Utilities		841	
Repairs and maintenance		4,300	
Total senior van	<u>57,763</u>	<u>59,830</u>	<u>(2,067)</u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
COMMUNITY DEVELOPMENT			
Public service		6,970	
Planning		1,208	
Printing and publishing		3,073	
Senior center		57,753	
Wages		4,284	
	<u>32,239</u>	<u>73,288</u>	<u>(41,049)</u>
OTHER COSTS			
Professional services		74,742	
Storage rental		1,375	
	<u>71,025</u>	<u>76,117</u>	<u>(5,092)</u>
BUILDING INSPECTION			
Salaries		63,728	
Office supplies		2,875	
Repair and maintenance		3,900	
Professional services		8,080	
Fuel		802	
Education		266	
Dues		345	
	<u>100,887</u>	<u>79,996</u>	<u>20,891</u>
ORDINANCE ENFORCEMENT			
Salaries		326	
Printing and publishing		250	
Transportation		189	
	<u>1,000</u>	<u>765</u>	<u>235</u>
METRO AUTHORITY	<u>11,000</u>	<u>11,000</u>	
STREET LIGHTING	<u>22,500</u>	<u>21,137</u>	<u>1,363</u>
ROADS	<u>71,500</u>	<u>83,686</u>	<u>(12,186)</u>

CHARTER TOWNSHIP OF BRANDON

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
RECREATION	<u>54,572</u>	<u>52,793</u>	<u>1,779</u>
PLANNING COMMISSION			
Salaries		4,796	
Office supplies		486	
Mileage		80	
Publications		1,248	
Total planning commission	<u>9,625</u>	<u>6,610</u>	<u>3,015</u>
APPEAL BOARD			
Salaries		3,490	
Mileage		27	
Publications		266	
Total appeal board	<u>6,630</u>	<u>3,783</u>	<u>2,847</u>
EQUIPMENT SHARED EXPENDITURES	<u>25,750</u>	<u>21,471</u>	<u>4,279</u>
INSURANCE AND BONDS	<u>39,200</u>	<u>25,978</u>	<u>13,222</u>
OTHER FUNCTIONS			
Contracted payroll		17,192	
Payroll taxes		46,491	
Medical and dental benefits		136,880	
Longevity		14,183	
Life insurance		2,896	
Retirement		119,912	
OPEB		100,000	
Public relations		1,063	
Computer expenditures		9,914	
Tax refunds/chargebacks		15,271	
Bank charges		1,997	
Miscellaneous		1,864	
Clean up days		5,254	
Unemployment tax charges		786	
Total other functions	<u>544,923</u>	<u>473,703</u>	<u>71,220</u>
Total expenditures	<u>\$ 1,691,873</u>	<u>\$ 1,594,068</u>	<u>\$ 97,805</u>

POLICE FUND

CHARTER TOWNSHIP OF BRANDON

POLICE FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$	987,152
Taxes receivable		737,936
Accounts receivable		84,691
Due from other funds		77,206
Prepaid expenses		265
		<hr/>
Total assets	\$	<u><u>1,887,250</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	168,324
Accrued wages		178
Deferred revenue		1,472,731
Due to other funds		120,178
		<hr/>
Total liabilities	\$	1,761,411

FUND BALANCE

Total liabilities and fund balance

	<hr/>
	125,839
	<hr/>
	\$ <u><u>1,887,250</u></u>

CHARTER TOWNSHIP OF BRANDON

POLICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 1,363,828	\$
Licenses and permits		4,771	
Interest		7,366	
Other revenues		20,546	
Reimbursement from schools		126,018	
	<u>1,490,651</u>	<u>1,522,529</u>	<u>31,878</u>
EXPENDITURES			
Police protection		1,568,056	
Salaries		3,408	
Payroll taxes		250	
Supplies		686	
Professional services		48,925	
Utilities		7,282	
Repairs and maintenance		2,025	
Tax tribunal		9,907	
Miscellaneous expense		446	
	<u>1,610,814</u>	<u>1,640,985</u>	<u>(30,171)</u>
Excess (deficiency) of revenues over (under) expenditures	(120,163)	(118,456)	1,707
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	20,000	
	<u>20,000</u>	<u>20,000</u>	
Net change in fund balance	(100,163)	(98,456)	1,707
FUND BALANCE, JANUARY 1, 2012	335,911	335,911	
PRIOR PERIOD ADJUSTMENT		<u>(111,616)</u>	<u>(111,616)</u>
FUND BALANCE DECEMBER 31, 2012	<u>\$ 235,748</u>	<u>\$ 125,839</u>	<u>\$ (109,909)</u>

SEYMOUR LAKE CEMETERY FUND

CHARTER TOWNSHIP OF BRANDON

SEYMOUR LAKE CEMETERY FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments

\$ 142

FUND BALANCE

FUND BALANCE

\$ 142

CHARTER TOWNSHIP OF BRANDON

SEYMOUR LAKE CEMETERY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Sale of lots	\$ 1,000	\$ 1,050	\$ 50
EXPENDITURES	<u>13,913</u>	<u>13,921</u>	<u>(8)</u>
Excess (deficiency) of revenues over (under) expenditures	(12,913)	(12,871)	42
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>12,880</u>	<u>12,980</u>	<u>100</u>
Net change in fund balance	(33)	109	142
FUND BALANCE, JANUARY 1, 2012	<u>33</u>	<u>33</u>	
FUND BALANCE, DECEMBER 31, 2012	<u><u>\$</u></u>	<u><u>\$ 142</u></u>	<u><u>\$ 142</u></u>

DESIGNATED FUND

CHARTER TOWNSHIP OF BRANDON

DESIGNATED FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments		\$ 505,902
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds		\$ 16,900
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FUND BALANCE

General fund	\$ 470,101	
Cemetery	6,567	
Recreation	<u>12,334</u>	

Total fund balance		<u>489,002</u>
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Total liabilities and fund balance		<u>\$ 505,902</u>
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CHARTER TOWNSHIP OF BRANDON

DESIGNATED FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

REVENUES

Interest	\$ 3,514
Cell tower rent	68,586
Metro funds	11,150
Energy credit	<u>1,000</u>

Total revenues 84,250

EXPENDITURES

**Excess (deficiency) of revenues
over (under) expenditures** 84,250

OTHER FINANCING SOURCES (USES)

Transfers in	177,880
Transfers (out)	<u>(97,748)</u>

Total other financing sources (uses) 80,132

Net change in fund balance 164,382

FUND BALANCE, JANUARY 1, 2012 324,620

FUND BALANCE DECEMBER 31, 2012 \$ 489,002

RECREATION FUND

CHARTER TOWNSHIP OF BRANDON

RECREATION FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$	9,567
Prepaid expenses		<u>1,912</u>
Total assets	\$	<u><u>11,479</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	796
Accrued wages		369
Deferred revenue		<u>4,265</u>

Total liabilities \$ 5,430

FUND BALANCE

6,049

Total liabilities and fund balance \$ 11,479

CHARTER TOWNSHIP OF BRANDON

RECREATION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Charges for services	\$	\$ 109,425	\$
Interest		17	
Other revenues		8,449	
Total revenues	<u>109,670</u>	<u>117,891</u>	<u>8,221</u>
EXPENDITURES	<u>133,190</u>	<u>136,532</u>	<u>(3,342)</u>
Excess (deficiency) of revenues over (under) expenditures	(23,520)	(18,641)	4,879
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>21,000</u>	<u>22,248</u>	<u>1,248</u>
Net change in fund balance	(2,520)	3,607	6,127
FUND BALANCE, JANUARY 1, 2012	<u>2,442</u>	<u>2,442</u>	
FUND BALANCE, DECEMBER 31, 2012	<u>\$ (78)</u>	<u>\$ 6,049</u>	<u>\$ 6,127</u>

CABLE SAVINGS FUND

CHARTER TOWNSHIP OF BRANDON

CABLE SAVINGS FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 173,483
Prepaid expenses	1,044
Accounts receivable	<u>46,021</u>
Total assets	<u><u>\$ 220,548</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 518
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FUND BALANCE

Total liabilities and fund balance

<u>220,030</u>
<u><u>\$ 220,548</u></u>

CHARTER TOWNSHIP OF BRANDON

CABLE SAVINGS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$	\$ 939	\$
Charges for services		174,976	
Total revenues	<u>158,654</u>	<u>175,915</u>	<u>17,261</u>
EXPENDITURES			
Public works	<u>106,438</u>	<u>89,412</u>	<u>17,026</u>
Excess (deficiency) of revenues over (under) expenditures	52,216	86,503	34,287
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(53,222)</u>	<u>(53,222)</u>	
Net change in fund balance	(1,006)	33,281	34,287
FUND BALANCE, JANUARY 1, 2012	144,749	144,749	
PRIOR PERIOD ADJUSTMENT		<u>42,000</u>	<u>42,000</u>
FUND BALANCE, DECEMBER 31, 2012	<u>\$ 143,743</u>	<u>\$ 220,030</u>	<u>\$ 76,287</u>

PRESIDIO AND FREEDOM TRAIL FUND

CHARTER TOWNSHIP OF BRANDON
PRESIDIO AND FREEDOM TRAIL FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 14,631
Special assessment receivable	49,732
Due from other funds	<u>2,217</u>
Total assets	<u><u>\$ 66,580</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$ 3,133
Deferred revenue	<u>53,603</u>
Total liabilities	56,736

FUND BALANCE

	<u>9,844</u>
Total liabilities and fund balance	<u><u>\$ 66,580</u></u>

CHARTER TOWNSHIP OF BRANDON

PRESIDIO AND FREEDOM TRAIL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments - principal	\$	\$ 8,934	\$
Special assessments - interest		3,127	
Total revenues	12,061	12,061	
EXPENDITURES			
Excess (deficiency) of revenues over (under) expenditures	12,061	12,061	
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(14,000)		14,000
Net change in fund balance	(1,939)	12,061	14,000
FUND BALANCE (DEFICIT), JANUARY 1, 2012	(2,217)	(2,217)	
FUND BALANCE, DECEMBER 31, 2012	<u>\$ (4,156)</u>	<u>\$ 9,844</u>	<u>\$ 14,000</u>

ZARIEDA STREET FUND

CHARTER TOWNSHIP OF BRANDON

ZARIEDA STREET FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 12,669
Special assessment receivable	<u>3,226</u>
Total assets	<u><u>\$ 15,895</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 467
Deferred revenue	6,452
Due to other funds	<u>468</u>

Total liabilities 7,387

FUND BALANCE

8,508

Total liabilities and fund balance \$ 15,895

CHARTER TOWNSHIP OF BRANDON

ZARIEDA STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$	\$ 23	\$
Special assessments		<u>6,452</u>	
Total revenues	6,492	6,475	(17)
EXPENDITURES			
Public works	<u>5,610</u>	<u>5,610</u>	
Net change in fund balance	882	865	(17)
FUND BALANCE, JANUARY 1, 2012	<u>7,643</u>	<u>7,643</u>	
FUND BALANCE, DECEMBER 31, 2012	<u><u>\$ 8,525</u></u>	<u><u>\$ 8,508</u></u>	<u><u>\$ (17)</u></u>

UPPER BUSHMAN FUND

CHARTER TOWNSHIP OF BRANDON

UPPER BUSHMAN FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 8,911
Special assessment receivable	2,273
Due from other funds	<u>1,398</u>
Total assets	<u><u>\$ 12,582</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES	\$ 6,922
Deferred revenues	
FUND BALANCE	<u>5,660</u>
Total liabilities and fund balance	<u><u>\$ 12,582</u></u>

CHARTER TOWNSHIP OF BRANDON

UPPER BUSHMAN FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$	\$ 16	\$
Special assessments		6,923	
		<u>6,939</u>	
Total revenue	6,955	6,939	(16)
EXPENDITURES			
Public works	5,524	7,063	(1,539)
		<u>7,063</u>	
Net change in fund balance	1,431	(124)	(1,555)
FUND BALANCE, JANUARY 1, 2012	5,784	5,784	
	<u>5,784</u>	<u>5,784</u>	
FUND BALANCE, DECEMBER 31, 2012	\$ 7,215	\$ 5,660	\$ (1,555)
	<u><u>7,215</u></u>	<u><u>5,660</u></u>	<u><u>(1,555)</u></u>

LAKE LOUISE FUND

CHARTER TOWNSHIP OF BRANDON

LAKE LOUISE FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 20,983
Special assessment receivable	20,305
Due from other funds	<u>9,024</u>
Total assets	<u><u>\$ 50,312</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,750
Deferred revenue	<u>37,000</u>
Total liabilities	38,750

FUND BALANCE

	<u>11,562</u>
Total liabilities and fund balance	<u><u>\$ 50,312</u></u>

CHARTER TOWNSHIP OF BRANDON

LAKE LOUISE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments	\$ 37,000	\$ 37,000	\$
EXPENDITURES			
Public works	<u>41,075</u>	<u>38,388</u>	<u>2,687</u>
Net change in fund balance	(4,075)	(1,388)	2,687
FUND BALANCE, JANUARY 1, 2012	<u>12,950</u>	<u>12,950</u>	
FUND BALANCE, DECEMBER 31, 2012	<u><u>\$ 8,875</u></u>	<u><u>\$ 11,562</u></u>	<u><u>\$ 2,687</u></u>

SHELMER LANE FUND

CHARTER TOWNSHIP OF BRANDON

SHELMER LANE FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$	4,887
Special assessment receivable		3,638
Due from other funds		<u>260</u>
Total assets	\$	<u><u>8,785</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	74
Deferred revenue		<u>5,198</u>
Total liabilities		5,272

FUND BALANCE

		<u>3,513</u>
Total liabilities and fund balance	\$	<u><u>8,785</u></u>

CHARTER TOWNSHIP OF BRANDON

SHELMER LANE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$	\$ 4	\$
Special assessments		5,198	
Total revenues	5,202	5,202	
EXPENDITURES			
Public works	4,052	4,450	(398)
Net change in fund balance	1,150	752	(398)
FUND BALANCE, JANUARY 1, 2012	2,761	2,761	
FUND BALANCE, DECEMBER 31, 2012	<u>\$ 3,911</u>	<u>\$ 3,513</u>	<u>\$ (398)</u>

LEGAULT BOULEVARD FUND

CHARTER TOWNSHIP OF BRANDON

LEGAULT BOULEVARD FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 8,469
Special assessment receivable	3,001
Due from other funds	<u>1,081</u>
Total assets	<u><u>\$ 12,551</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 9,823
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FUND BALANCE

Total liabilities and fund balance	<u><u>\$ 12,551</u></u>
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CHARTER TOWNSHIP OF BRANDON

LEGAULT BOULEVARD FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$	\$ 5	\$
Special assessments		9,630	
Total revenues	9,635	9,635	
EXPENDITURES			
Public works	9,630	6,907	2,723
Net change in fund balance	5	2,728	2,723
FUND BALANCE, JANUARY 1, 2012			
FUND BALANCE, DECEMBER 31, 2012	<u>\$ 5</u>	<u>\$ 2,728</u>	<u>\$ 2,723</u>

FIRE OPERATING FUND

CHARTER TOWNSHIP OF BRANDON

FIRE OPERATING FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 925,943
Taxes receivable	647,878
Due from other funds	189,444
Prepaid expenses	<u>123,913</u>
Total assets	<u><u>\$ 1,887,178</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 138,678
Accrued wages	14,701
Deferred revenue	1,336,094
Due to other funds	<u>3,055</u>
Total liabilities	1,492,528

FUND BALANCE

FUND BALANCE	<u>394,650</u>
Total liabilities fund balance	<u><u>\$ 1,887,178</u></u>

This supplementary information shows the Fire Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

FIRE OPERATING FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,341,042	\$
Interest		8,806	
Miscellaneous		961	
Total revenues	<u>1,358,085</u>	<u>1,350,809</u>	<u>(7,276)</u>
EXPENDITURES			
Salaries		943,655	
Insurance		383,113	
Pension		69,949	
Utilities and telephone		42,100	
OPEB		100,000	
Fuel		28,916	
Dispatch pager fees and maintenance		23,719	
MTT refunds and chargebacks		8,889	
Payroll taxes		10,223	
Education, dues and training		10,716	
Equipment		1,883	
Repairs and maintenance		7,350	
Supplies		4,925	
Uniforms		9,358	
Offices consumables		2,202	
Legal		2,268	
Enforcement		709	
Fees		10,748	
Total expenditures	<u>1,763,855</u>	<u>1,660,723</u>	<u>103,132</u>
Excess (deficiency) of revenues, over (under) expenditures	(405,770)	(309,914)	95,856
OTHER FINANCING SOURCES			
Transfers in	<u>125,500</u>	<u>100,000</u>	<u>(25,500)</u>
Net change in fund balance	(280,270)	(209,914)	70,356
FUND BALANCE, JANUARY 1, 2012	<u>604,564</u>	<u>604,564</u>	
FUND BALANCE, DECEMBER 31, 2012	<u>\$ 324,294</u>	<u>\$ 394,650</u>	<u>\$ 70,356</u>

This supplementary information shows the Fire Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

FIRE EQUIPMENT AND HOUSING FUND

CHARTER TOWNSHIP OF BRANDON

FIRE EQUIPMENT AND HOUSING FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$	366,828
Taxes receivable		175,521
Due from other funds		18,870
Prepaid expenses		35
		<hr/>
Total assets	\$	<u><u>561,254</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	6,407
Deferred revenue		361,396
Due to other funds		674
		<hr/>
Total liabilities		368,477

FUND BALANCE

Total liabilities and fund balance

<hr/>
192,777
<hr/>
\$ <u><u>561,254</u></u>

This supplementary information shows the Fire Equipment and Housing Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

FIRE EQUIPMENT AND HOUSING FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 363,080	\$
Interest		3,545	
Total revenues	<u>369,161</u>	<u>366,625</u>	<u>(2,536)</u>
EXPENDITURES			
Fire protection		105,529	
Debt payment - principal		181,762	
Debt payment - interest		29,529	
Total expenditures	<u>373,963</u>	<u>316,820</u>	<u>57,143</u>
Excess (deficiency) of revenues over (under) expenditures	(4,802)	49,805	54,607
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>30,000</u>		<u>(30,000)</u>
Net change in fund balance	<u>25,198</u>	<u>49,805</u>	<u>24,607</u>
FUND BALANCE, JANUARY 1, 2012	<u>142,972</u>	<u>142,972</u>	
FUND BALANCE, DECEMBER 31, 2012	<u>\$ 168,170</u>	<u>\$ 192,777</u>	<u>\$ 24,607</u>

This supplementary information shows the Fire Equipment and Housing Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

FIRE AMBULANCE FUND

CHARTER TOWNSHIP OF BRANDON
FIRE AMBULANCE FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 980,704
Prepaid expenses	1,414
Due from other funds	1,000
	1,000
Total assets	\$ 983,118

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,063
Accrued wages	1,566
Due to other funds	1,106
	1,106
Total liabilities	4,735

FUND BALANCE

	978,383
Total liabilities and fund balance	\$ 983,118

This supplementary information shows the Fire Ambulance Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

FIRE AMBULANCE FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Fees and charges	\$	\$ 311,794	\$
Interest		8,897	
Total revenues	<u>225,000</u>	<u>320,691</u>	<u>95,691</u>
EXPENDITURES			
Salaries		89,890	
Payroll taxes		6,179	
Pension		5,554	
Insurance		20,521	
Fire protection		122,602	
Total expenditures	<u>387,004</u>	<u>244,746</u>	<u>142,258</u>
Excess (deficiency) of revenues over (under) expenditures	(162,004)	75,945	237,949
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(130,000)</u>	<u>(100,000)</u>	<u>30,000</u>
Net change in fund balance	(292,004)	(24,055)	267,949
FUND BALANCE, JANUARY 1, 2012	<u>1,002,438</u>	<u>1,002,438</u>	
FUND BALANCE, DECEMBER 31, 2012	<u>\$ 710,434</u>	<u>\$ 978,383</u>	<u>\$ 267,949</u>

This supplementary information shows the Fire Ambulance Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

PUBLIC CONTRIBUTIONS FUND

CHARTER TOWNSHIP OF BRANDON
PUBLIC CONTRIBUTIONS (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$	8,755
Due from other funds		<u>1,233</u>
Total assets		<u><u>9,988</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to others	\$	1,123
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FUND BALANCE

Total liabilities and fund balance	\$	<u><u>9,988</u></u>
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This supplementary information shows the Public Contributions Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

PUBLIC CONTRIBUTIONS (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

ADDITIONS	
Public contributions	\$ 8,880
Interest	<u>16</u>
Total additions	8,896
DEDUCTIONS	
Public safety	<u>8,558</u>
Net change in net assets	338
NET ASSETS, JANUARY 1, 2012	<u>8,527</u>
NET ASSETS, DECEMBER 31, 2012	<u><u>\$ 8,865</u></u>

This supplementary information shows the Public Contributions Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

LIBRARY - GENERAL FUND

CHARTER TOWNSHIP OF BRANDON

LIBRARY - GENERAL FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash and investments	\$ 372,080
Accounts receivable	
Taxes	418,508
Due from other funds	42,522
Prepaid expenses	539
	<hr/>
Total assets	\$ 833,649
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 22,184
Accrued wages	9,914
Deferred revenue	835,003
Sales tax payable	144
Due to other funds	1,909
	<hr/>

Total liabilities 869,154

FUND BALANCE (DEFICIT)

(35,505)

Total liabilities and fund balance

\$ 833,649

This supplementary information shows the Library General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

**LIBRARY - GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 744,707	\$
Charges for services		9,395	
Fines and forfeits		33,132	
Interest income		2,418	
FOL grant revenue		5,332	
Contributions and donations		3,284	
Other income		5,106	
Fundraising		19,484	
	<hr/>	<hr/>	<hr/>
Total revenues	832,705	822,858	(9,847)
	<hr/>	<hr/>	<hr/>
EXPENDITURES/EXPENSES			
Salaries	435,775	489,968	(54,193)
Fringe benefits	122,665	129,845	(7,180)
Office supplies	6,130	6,994	(864)
Operating supplies	17,466	16,598	868
Cooperative expenses	38,199	34,732	3,467
Professional services	29,503	42,138	(12,635)
Professional development	4,336	4,415	(79)
Insurance expense	22,703	23,766	(1,063)
Community relations	15,825	24,697	(8,872)
Utilities	38,840	34,568	4,272
Repairs and maintenance	32,366	29,791	2,575
Administrative expenses	1,050	6,722	(5,672)
Books and materials	43,574	42,407	1,167
Audio books, etc	9,600	9,258	342
Periodicals	17,698	17,221	477
Rental expense	225	217	8
Leases	9,450	8,319	1,131
Capital outlay	2,000		2,000
	<hr/>	<hr/>	<hr/>
Total expenditures/expenses	847,405	921,656	(74,251)
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(14,700)	(98,798)	(84,098)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)	12,000		(12,000)
	<hr/>	<hr/>	<hr/>
Net change in fund balance	(2,700)	(98,798)	(96,098)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1, 2012	63,293	63,293	
	<hr/>	<hr/>	<hr/>
FUND BALANCE/NET ASSETS, DECEMBER 31, 2012	\$ 60,593	\$ (35,505)	\$ (96,098)
	<hr/>	<hr/>	<hr/>

This supplementary information shows the Library General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

LIBRARY CLEARING FUND

CHARTER TOWNSHIP OF BRANDON

LIBRARY CLEARING FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments

\$ 38

LIABILITIES

LIABILITIES

Due to other funds

\$ 38

This supplementary information shows the Library Clearing Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

LIBRARY DEBT SERVICE FUND

CHARTER TOWNSHIP OF BRANDON

LIBRARY DEBT SERVICE FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 166,624
Taxes receivable	154,820
Due from other funds	<u>15,732</u>
Total assets	<u><u>\$ 337,176</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 308,910
Due to other funds	<u>798</u>
Total liabilities	309,708

FUND BALANCE

Reserved for debt service	<u>27,468</u>
Total liabilities and fund balance	<u><u>\$ 337,176</u></u>

CHARTER TOWNSHIP OF BRANDON

LIBRARY DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

REVENUES

Taxes	\$ 310,487
Interest	201
Total revenues	<u>310,688</u>

EXPENDITURES

Debt service	
Principal retirement	260,000
Interest and fiscal charges	41,060
Miscellaneous	1,998
Total expenditures	<u>303,058</u>

Net change in fund balance 7,630

FUND BALANCE, JANUARY 1, 2012 19,838

FUND BALANCE, DECEMBER 31, 2012 \$ 27,468

TAX COLLECTION FUND

CHARTER TOWNSHIP OF BRANDON

TAX COLLECTION FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments

\$ 422,552

LIABILITIES

LIABILITIES

Due to others

\$ 169,263

Due to other funds

253,289

Total liabilities

\$ 422,552

DELINQUENT TAX FUND

CHARTER TOWNSHIP OF BRANDON

DELINQUENT TAX FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Due from other funds

\$ 9,741

LIABILITIES

LIABILITIES

Due to other funds

\$ 9,741

PAYROLL FUND

CHARTER TOWNSHIP OF BRANDON

PAYROLL FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 3,999
Due from others	1,901
	<hr/>
Total assets	\$ 5,900
	<hr/> <hr/>

LIABILITIES

LIABILITIES

Due to other funds	\$ 2,994
Due to others	2,906
	<hr/>
Total liabilities	\$ 5,900
	<hr/> <hr/>

ESCROW FUND

CHARTER TOWNSHIP OF BRANDON

ESCROW FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments	\$ 28,560
Due from other funds	25
	<hr/>

Total assets	\$ 28,585
	<hr/> <hr/>

LIABILITIES

LIABILITIES

Due to others	\$ 28,585
	<hr/> <hr/>

HEALTH REIMBURSEMENT FUND

CHARTER TOWNSHIP OF BRANDON

HEALTH REIMBURSEMENT FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments

\$ 104

LIABILITIES

LIABILITIES

Due to others

\$ 102

Due to other funds

2

Total liabilities

\$ 104

BCN HEALTH REIMBURSEMENT FUND

CHARTER TOWNSHIP OF BRANDON

BCN HEALTH REIMBURSEMENT FUND
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

ASSETS

Cash and investments

\$ 7,000

LIABILITIES

LIABILITIES

Due to other funds

\$ 7,000



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

May 31, 2013

Charter Township of Brandon
Honorable Board of Trustees
395 Mill Street
Ortonville, Michigan 48462

Dear Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Brandon as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Township of Brandon's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Brandon's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Brandon'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 significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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 following deficiencies in the Charter Township of Brandon's internal control to be material weaknesses:

1. **Establish Control Over the Financial Reporting Process** - Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the Company. Management is as responsible for outsourced functions performed by a service provider as it would be if your personnel performed such functions. Specifically, management is responsible for management decisions and functions for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not have the accounting expertise to perform a detailed review of the financial statements. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Township's internal control.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

Response by Management - Management believes the benefit of hiring additional personnel with the qualified experience to draft the financial statements does not outweigh the costs. Management has decided to maintain the current practice of requesting the auditing firm to draft the financial statements.

2. **Cash Receipting and Segregation of Duties** - Monies are being receipted by personnel at other locations besides the Treasurer's staff at the treasurer's office located at the Township Hall. This policy often allows the same person to update internal accounting records and receive cash (two (2) duties which should be segregated and done by two (2) different individuals). The absence of this control procedure is considered a material weakness because the potential exists for a misappropriation of assets which would not be prevented or detected by management.

Response by Management - Management believes due to the size of the Township and the additional effort which would be imposed on the residents if cash collections and posting of records were separated as two distinct duties by two (2) separate individuals cannot be done without significant additional costs. Therefore, management has decided to maintain the current practice.

The following are other comments and recommendations we would like to discuss with you.

1. **1099's Issued - Incorrect Amounts** - We noted in reviewing disbursements to an individual, the Township was withholding amounts for tax purposes (as directed by the IRS) and remitting the taxes to the IRS. The individual was providing services to the Township, thus the Township issued a 1099. The 1099 was issued at the net amount received by the individual. The 1099 should have been issued for the gross amount. We suggest this be corrected in the future.
2. **Bank Account for Credit Card Receipts** - We noted the Township has a separate clearing bank account in which tax payments from residents via credit cards are receipted and then transferred to the Township's regular tax account on a periodic basis. The original credit card receipt into the separate clearing account is not recorded into the general ledger. The activity is however, recorded once the transfer is made. We recommend the original receipting into the clearing bank account be recorded and posted into the tax fund.
3. **Reconciling of Escrow Accounts to General Ledger** - The Township maintains a fiduciary fund set-up specifically for "performance deposits". We noted there is not an interim reconciliation process between the various "performance deposits" (projects) book of accounts and the general ledger. We suggest this be done on a monthly or quarterly basis.
4. **Payroll Processing** - We spent a great amount of time in reconciling payroll quarterly reports and annual reports (941's and W-3, W-2's) as well as the payroll reports with accounting records. We believe the payroll system at the Township is made "overly complicated" which allows for more errors to be made. We suggest the Township re-evaluate the payroll process and look to simplify the reports and processes. Also, interim reconciliations should be done through-out the year between payroll reports and accounting records.

We would like to thank the Township officials and employees that assisted us during the audit process for their assistance and cooperation.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Board of Trustees and management of the Charter Township of Brandon and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants