



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

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October 29, 2010

Board of Trustees
Northfield Township
8350 Main Street
Whitmore Lake, Michigan 48189

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northfield Township, as of and for the year ended June 30, 2010, which collectively comprise the Northfield Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northfield Township's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northfield Township, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 12 and 46 through 52 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 operations, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northfield Township's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

Northfield Township

Audit Presentation

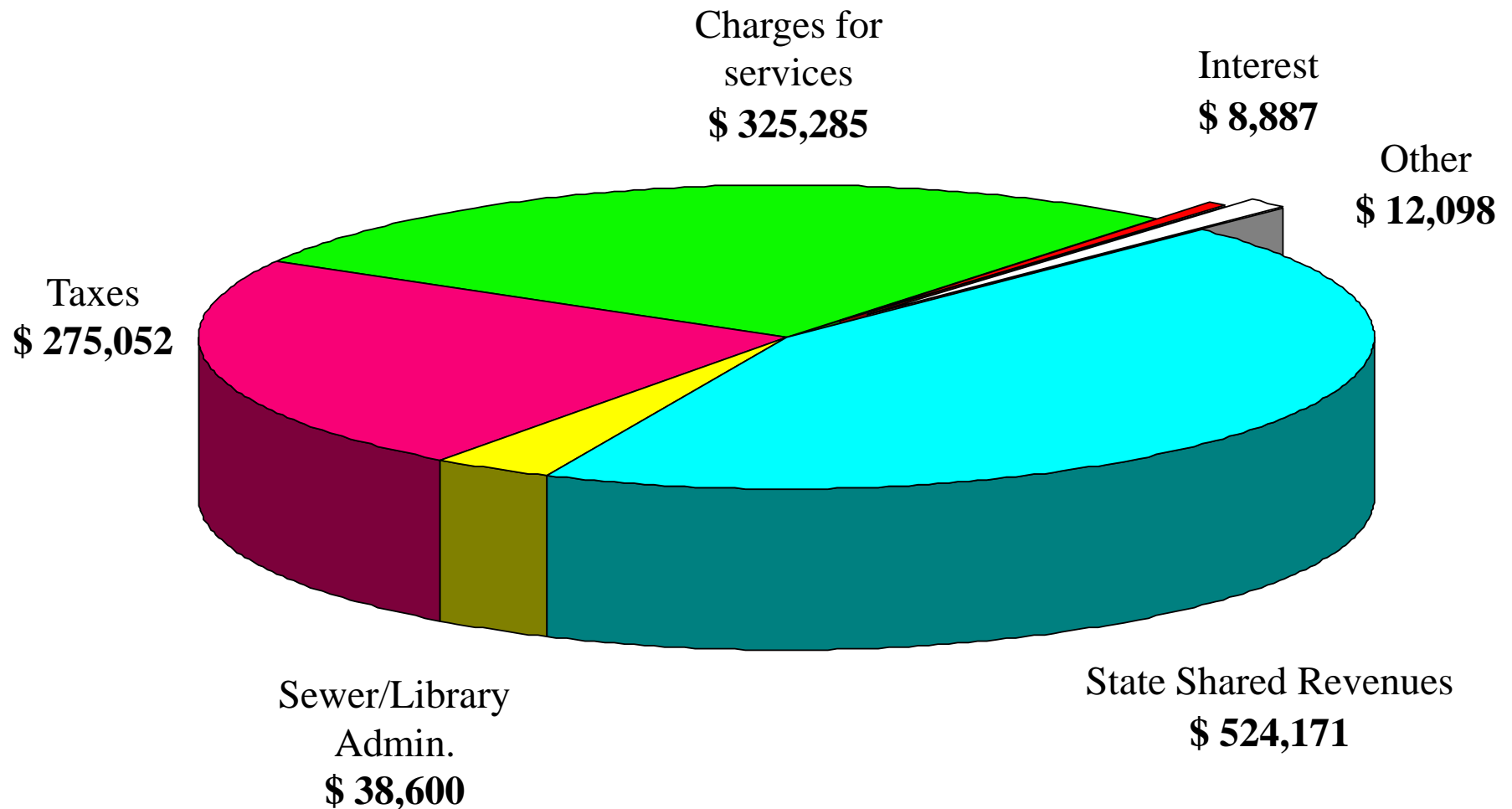
June 30, 2010



PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

BRIGHTON, MICHIGAN

**Northfield Township
General Fund Revenues
For The Year Ended June 30, 2010**

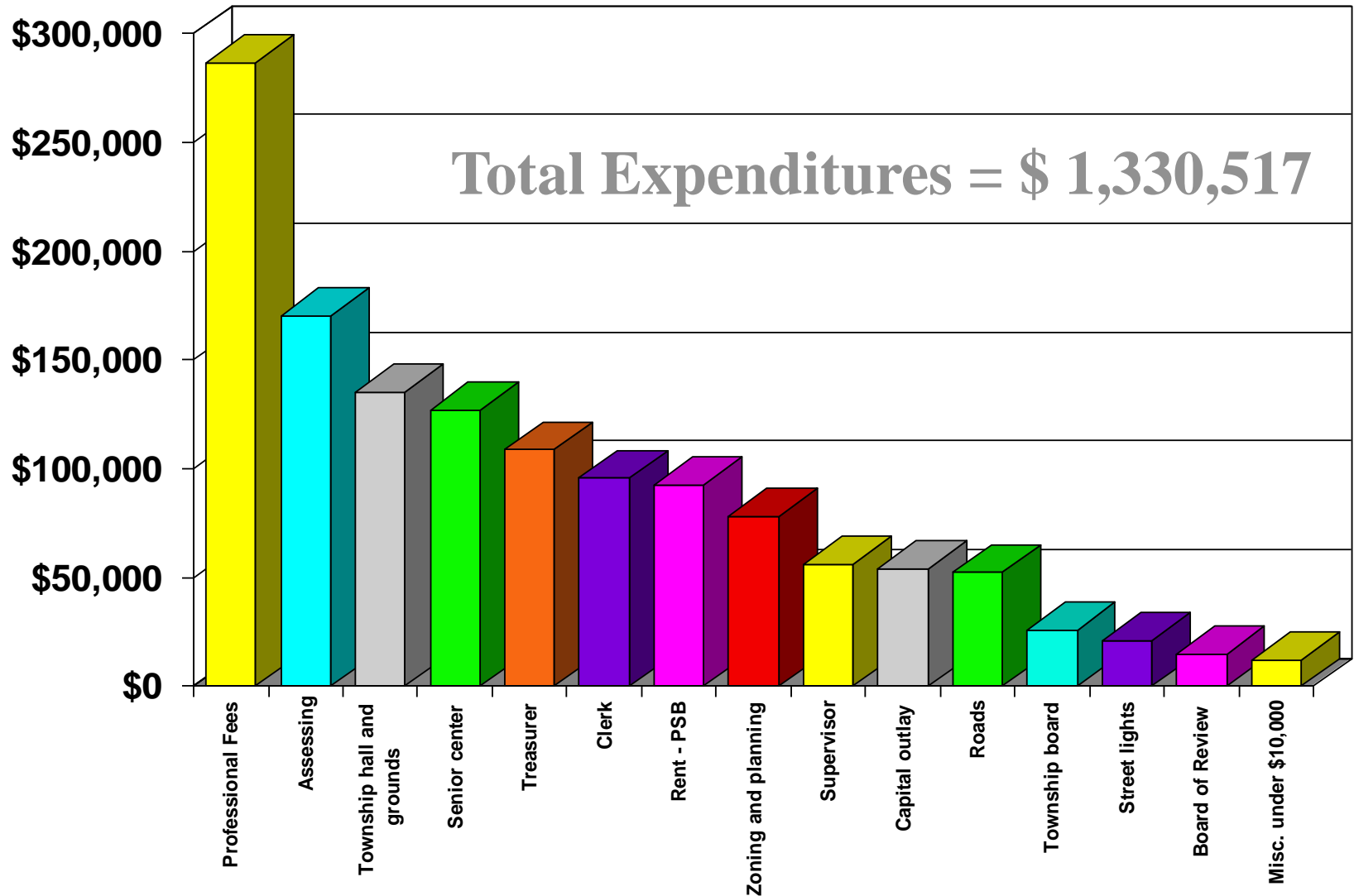


Total Revenues = \$ 1,184,093

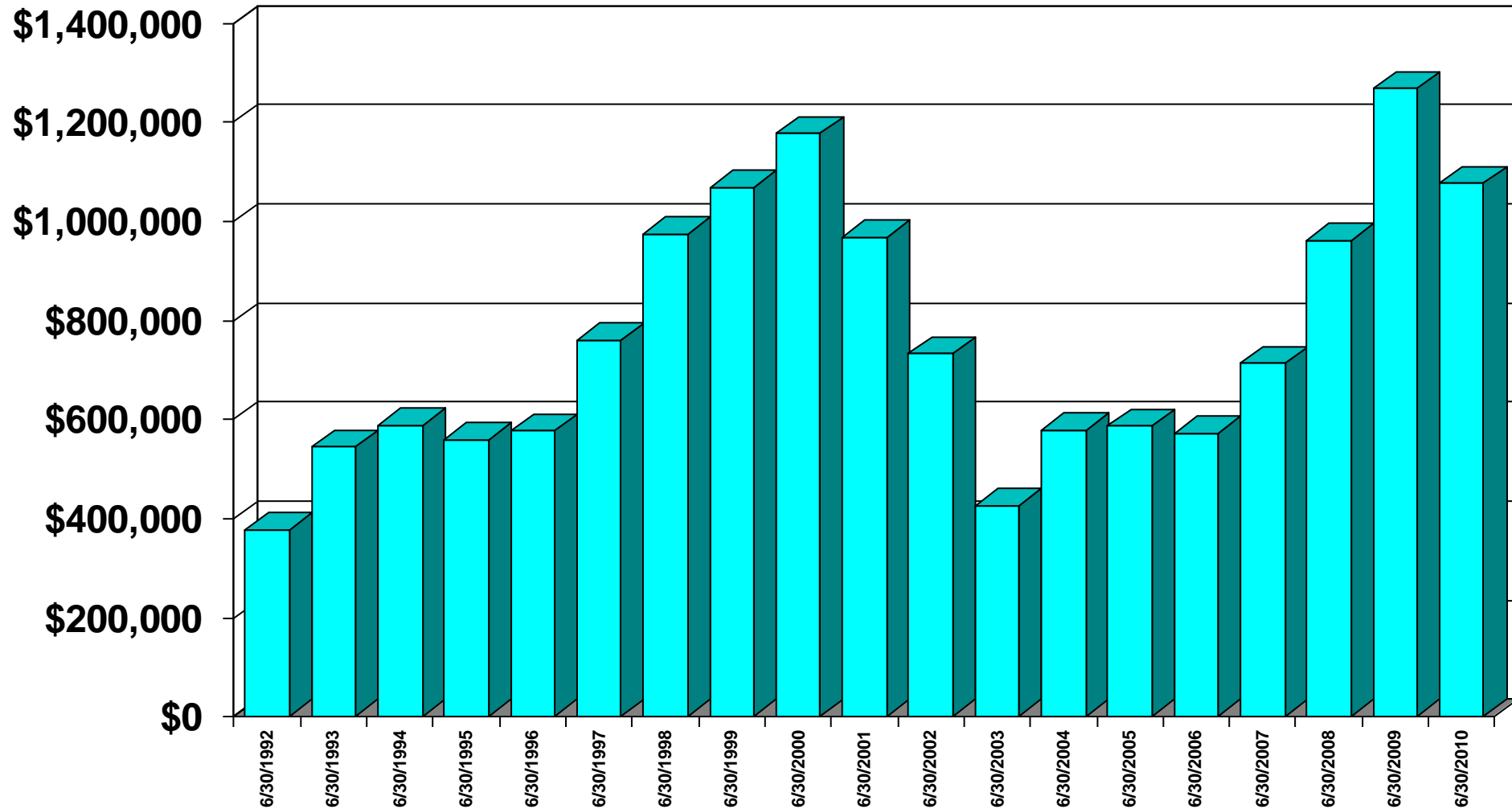
Northfield Township

General Fund Expenditures

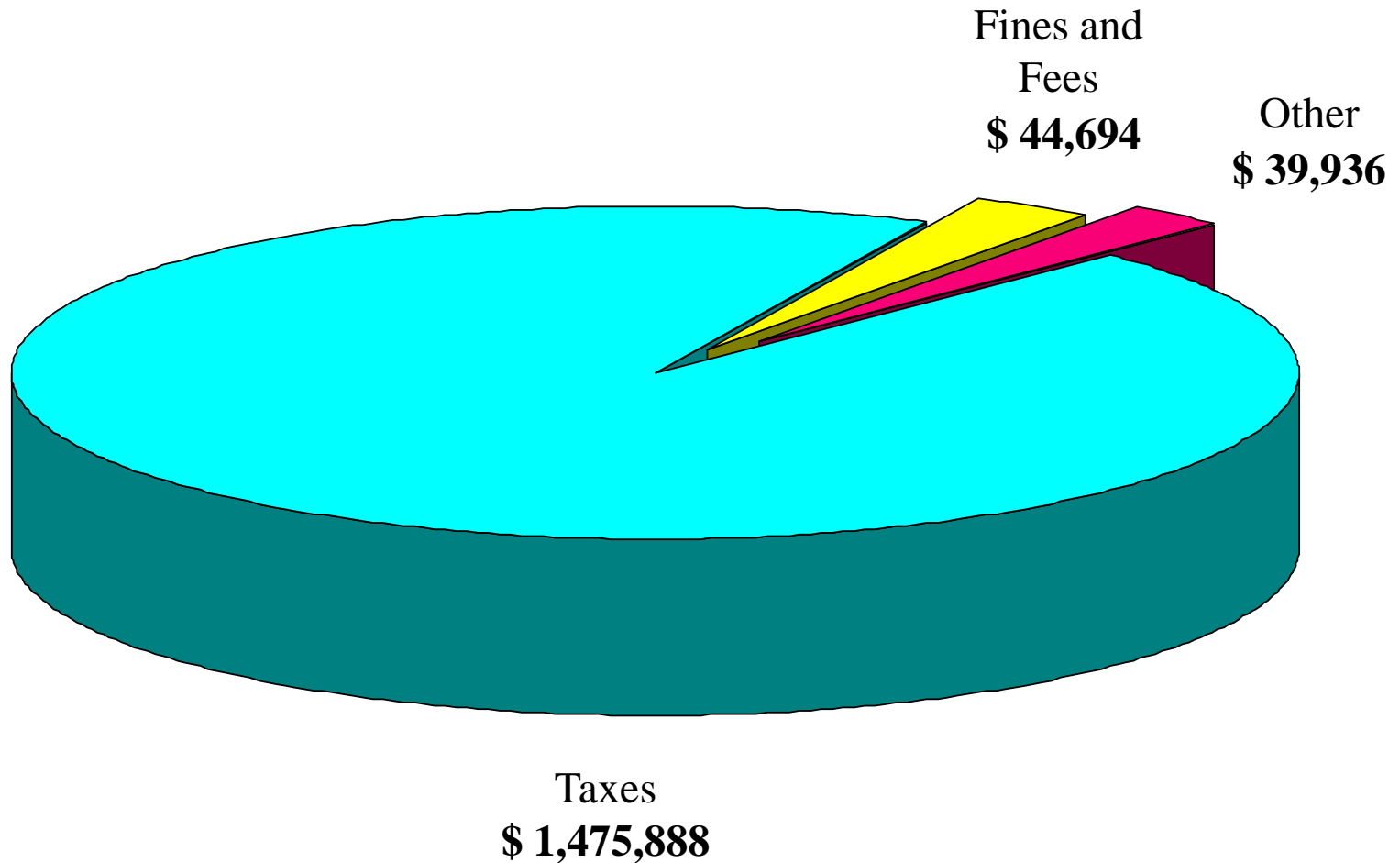
For The Year Ended June 30, 2010



Northfield Township
General Fund
Fund Balance Comparison
June 30, 1992 - June 30, 2010



Northfield Township
Law Enforcement Fund Revenues
For The Year Ended June 30, 2010

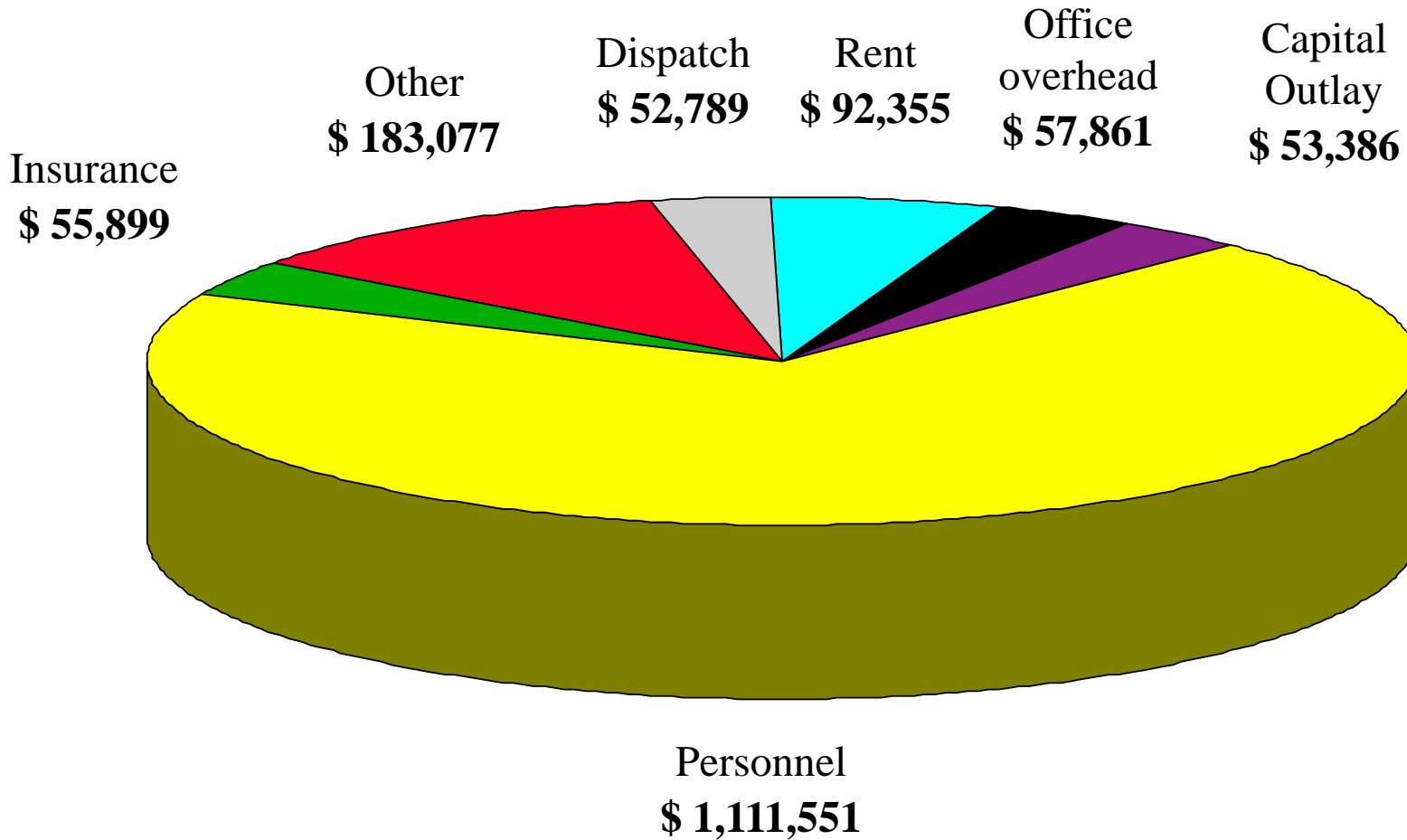


Total Revenues = \$ 1,560,518

Northfield Township

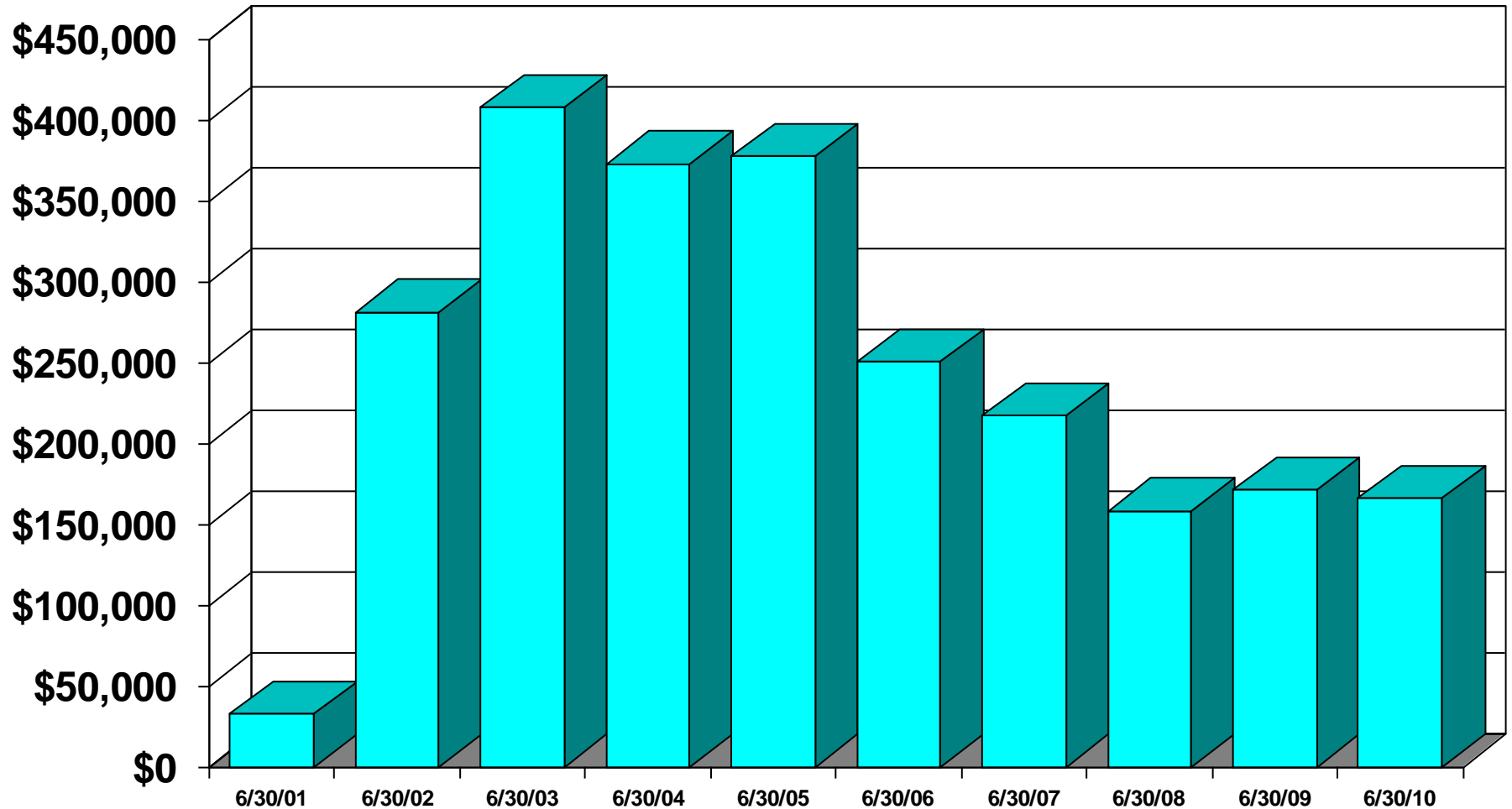
Law Enforcement Fund Expenditures

For The Year Ended June 30, 2010

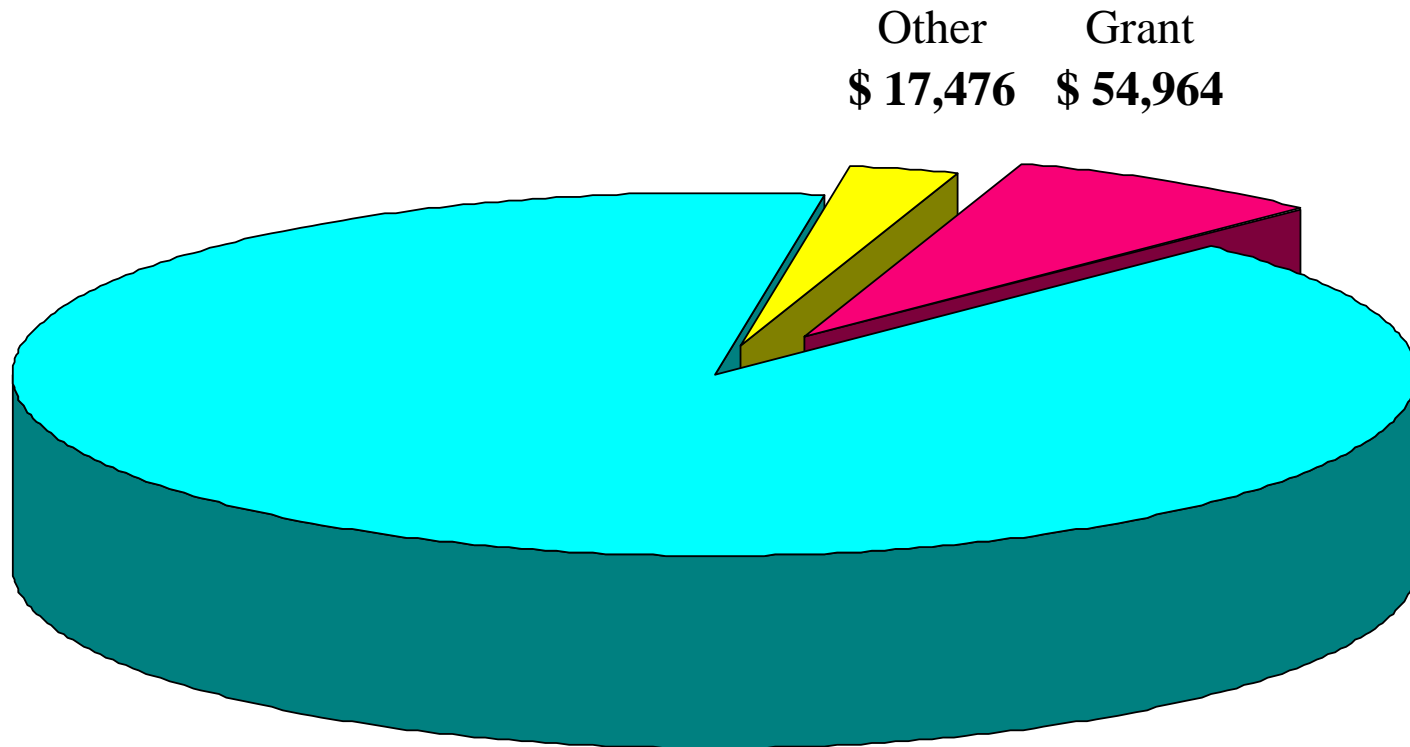


Total Expenditures = \$ 1,606,918

Northfield Township
Law Enforcement Fund
Fund Balance Comparison
June 30, 2001 - June 30, 2010



Northfield Township
Fire Fund Revenues
For The Year Ended June 30, 2010



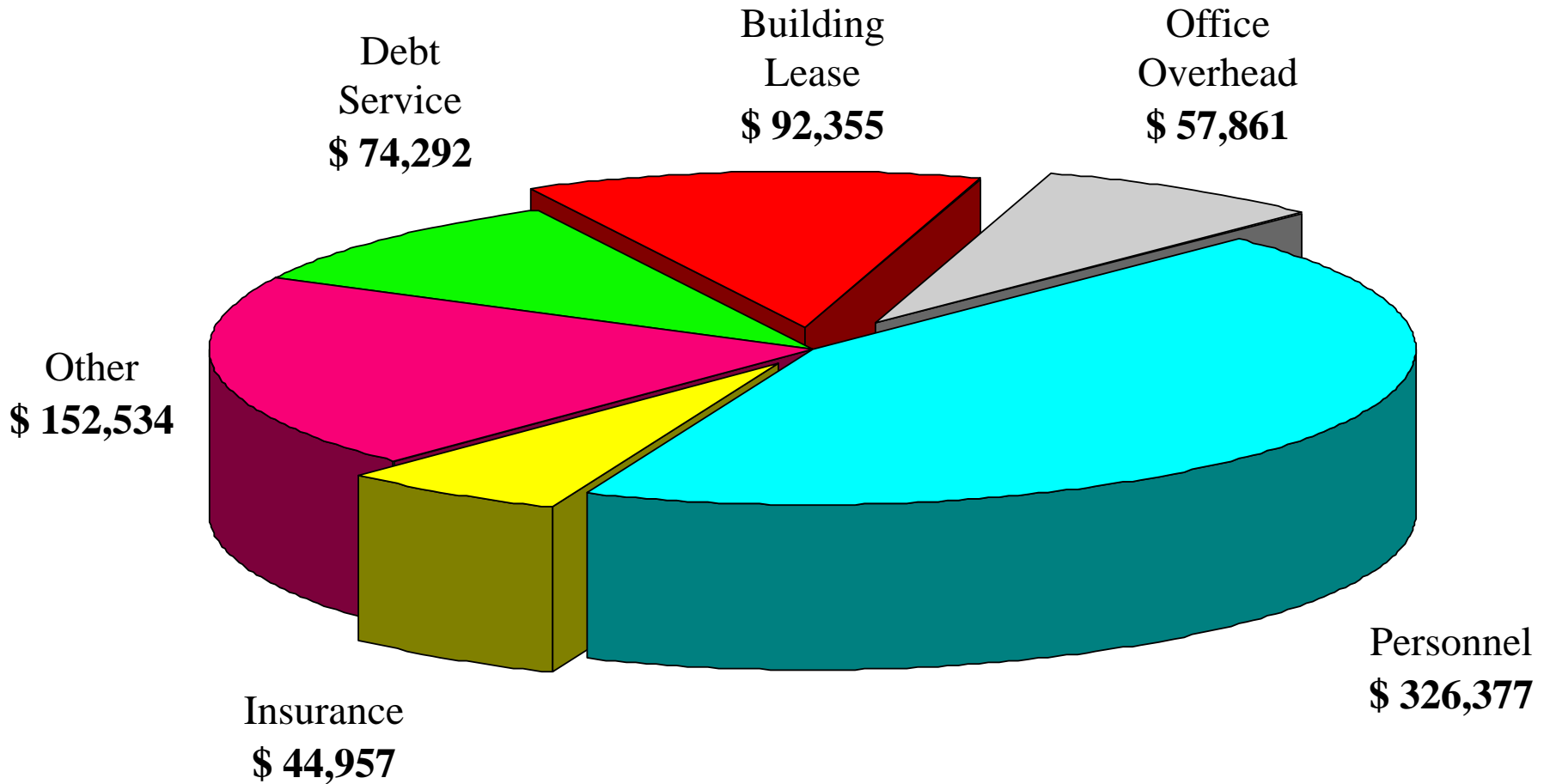
Taxes
\$ 660,074

Other
\$ 17,476

Grant
\$ 54,964

Total Revenues = \$ 732,514

**Northfield Township
Fire Fund Expenditures
For The Year Ended June 30, 2010**



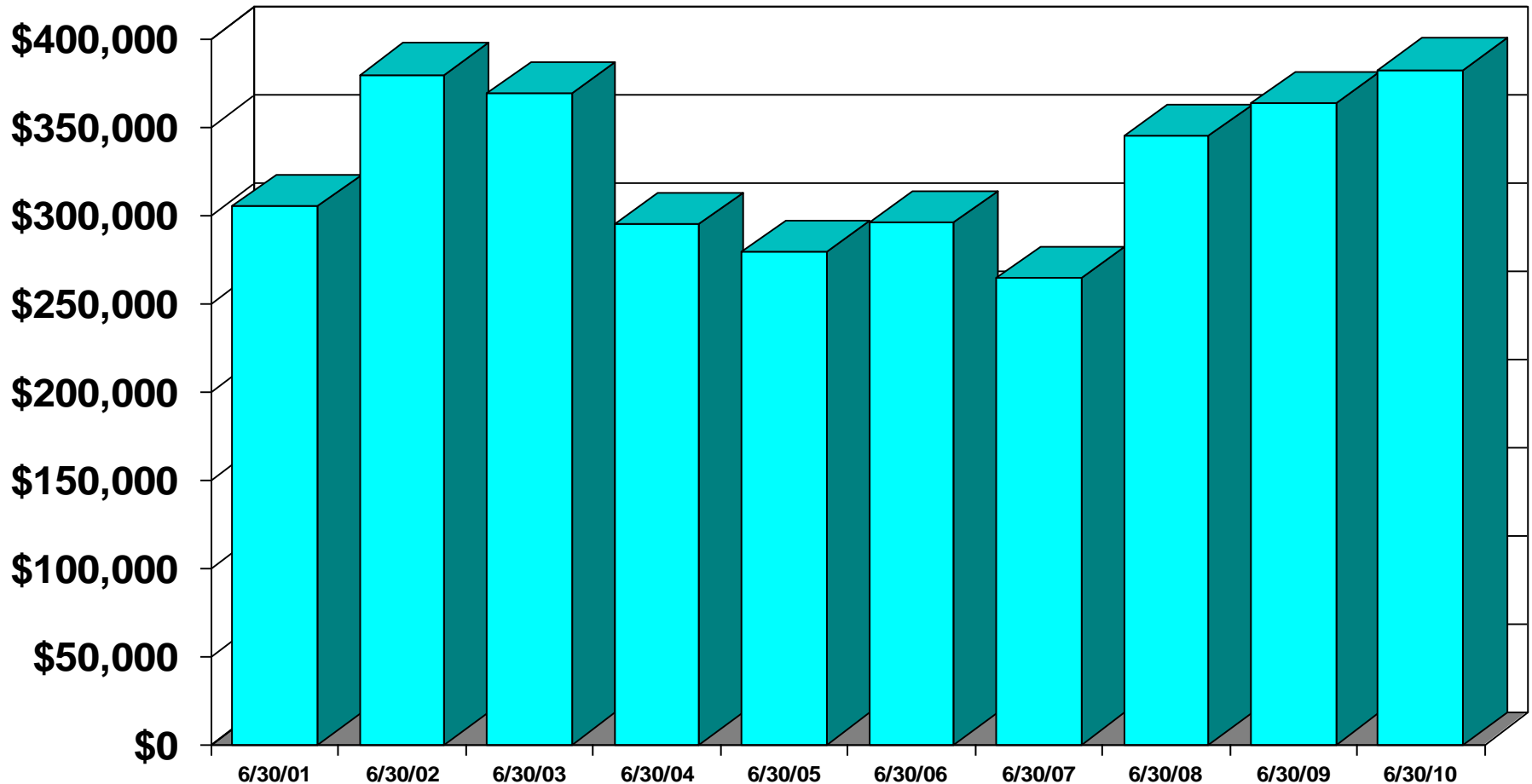
Total Expenditures = \$ 748,376

Northfield Township

Fire Fund

Fund Balance Comparison

June 30, 2001 - June 30, 2010



Note : The fiscal year ending June 30, 2009 the Fire Protection and Medical Rescue funds were consolidated into one fund.

NORTHFIELD TOWNSHIP

Report on Audit of Financial Statements

For the Year Ended June 30, 2010

NORTHFIELD TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - Deb Mozurkewich
Clerk - Shelle Manning
Treasurer - Cynthia Wilson

TOWNSHIP BOARD

Wayne Dockett
Sam Iaquinto
Shelle Manning
Deb Mozurkewich
Dan Rowe
Dan Smith
Cynthia Wilson

TOWNSHIP ATTORNEYS

Paul E. Burns

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

TABLE OF CONTENTS

PAGE NUMBER

INDEPENDENT AUDITORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS	8
------------------------------------	---

BASIC FINANCIAL STATEMENTS

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

Statement of Net Assets	15
Statement of Activities	16

FUND FINANCIAL STATEMENTS

Balance Sheet - Governmental Funds	18
Reconciliation of Governmental Fund Balances to Net Assets of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Assets - Proprietary Fund	22
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund	24
Statement of Fiduciary Assets and Liabilities - All Agency Funds	25

NOTES TO FINANCIAL STATEMENTS	27
-------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	46
---	----

FIRE FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	47
---	----

LAW ENFORCEMENT FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	48
---	----

SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED)	49
--	----

SCHEDULE OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS	50
--	----

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	52
---	----

TABLE OF CONTENTS

PAGE NUMBER

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

Combining Balance Sheet - All Special Revenue Funds	55
Combining Balance Sheet - All Agency Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Debt Service Funds	58

INDIVIDUAL FUNDS

GENERAL FUND

Balance Sheet	61
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	62
Statement of Revenues - Budget and Actual	63
Statement of Expenditures - Budget and Actual	64

BUILDING DEPARTMENT FUND

Balance Sheet	69
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	70

FIRE TRUCK FUND

Balance Sheet	72
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	73

FIRE FUND

Balance Sheet	75
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	76

LAW ENFORCEMENT FUND

Balance Sheet	78
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	79
Statement of Expenditures - Budget and Actual	80

TABLE OF CONTENTS

PAGE NUMBER

NARCOTICS FUND	
Balance Sheet	82
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	83
DOWNTOWN DEVELOPMENT AUTHORITY FUND	
Balance Sheet	85
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	86
BUILDING AUTHORITY DEBT SERVICE FUND	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	88
PUBLIC SAFETY BUILDING DEBT SERVICE FUND	
Balance Sheet	90
Statement of Revenues, Expenditures and Changes in Fund Balance	91
SEWAGE DISPOSAL SYSTEM FUND	
Balance Sheet	93
Statement of Revenues and Expenses	94
Statement of Cash Flows	95
CURRENT TAX COLLECTION FUND	
Balance Sheet	97
TRUST AND AGENCY FUND	
Balance Sheet	99

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis

June 30, 2010

Within this section of Northfield Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2010. 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 government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

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. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

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.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. 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 of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated 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 as other supplementary information.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability 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.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary 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 essential to 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 and 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

The Township's net assets at the end of the fiscal year were \$13,189,098. This is an \$858,396 decrease over last year's net assets of \$14,047,494. This large decrease is primarily due to \$788,390 prior period adjustment for post-retirement health costs.

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

	Summary of Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
Current and other assets	\$ 2,176,323	\$ 2,411,950	\$ 4,783,020	\$ 4,916,525	\$ 6,959,343	\$ 7,328,475
Capital assets	<u>7,759,671</u>	<u>8,000,881</u>	<u>10,042,418</u>	<u>10,380,811</u>	<u>17,802,089</u>	<u>18,381,692</u>
Total assets	<u>9,935,994</u>	<u>10,412,831</u>	<u>14,825,438</u>	<u>15,297,336</u>	<u>24,761,432</u>	<u>25,710,167</u>
Other liabilities	338,166	291,290	55,649	53,681	393,815	344,971
Long-term liabilities	<u>6,376,599</u>	<u>6,282,702</u>	<u>4,801,920</u>	<u>5,035,000</u>	<u>11,178,519</u>	<u>11,317,702</u>
Total liabilities	<u>6,714,765</u>	<u>6,573,992</u>	<u>4,857,569</u>	<u>5,088,681</u>	<u>11,572,334</u>	<u>11,662,673</u>
Net assets:						
Invested in capital assets, net of debt	1,984,857	1,763,826	5,547,418	5,345,811	7,532,275	7,109,637
Restricted	27,280	40,239	3,344,796	3,478,441	3,372,076	3,518,680
Unrestricted	<u>1,209,092</u>	<u>2,034,774</u>	<u>1,075,655</u>	<u>1,384,403</u>	<u>2,284,747</u>	<u>3,419,177</u>
Total net assets	<u>\$ 3,221,229</u>	<u>\$ 3,838,839</u>	<u>\$ 9,967,869</u>	<u>\$ 10,208,655</u>	<u>\$ 13,189,098</u>	<u>\$ 14,047,494</u>

	Summary of Changes in Net Assets					
	Activities		Activities		Total	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Revenues:						
Program revenues:						
Charges for services	\$ 423,399	\$ 401,304	\$ 1,245,928	\$ 1,226,198	\$ 1,669,327	\$ 1,627,502
Operating grants and contributions	56,164	75,660			56,164	75,660
Capital grants and contributions			7,100		7,100	
General revenues:						
State shared revenues	524,171	558,137			524,171	558,137
Property taxes	2,732,232	2,989,124			2,732,232	2,989,124
Interest	9,231	21,555	214,954	179,127	224,185	200,682
Other	392,114	354,464	3,102	2,868	395,216	357,332
Sale of capital assets	2,206			1,000	2,206	1,000
Total revenues and transfers	<u>4,139,517</u>	<u>4,400,244</u>	<u>1,471,084</u>	<u>1,409,193</u>	<u>5,610,601</u>	<u>5,809,437</u>
Expenses						
General government	1,153,751	790,995			1,153,751	790,995
Fire protection	876,858	949,830			876,858	949,830
Police protection	1,719,980	1,696,427			1,719,980	1,696,427
Senior center/recreation	134,517	134,575			134,517	134,575
Public works/roads	93,329	247,591			93,329	247,591
Interest on long-term debt	278,457	297,689			278,457	297,689
Sewer system			1,423,715	1,447,159	1,423,715	1,447,159
Total expenses	<u>4,256,892</u>	<u>4,117,107</u>	<u>1,423,715</u>	<u>1,447,159</u>	<u>5,680,607</u>	<u>5,564,266</u>
Changes in net assets before special item and transfers	(117,375)	283,137	47,369	(37,966)	(70,006)	245,171
Transfers		(7,000)		7,000		
Special item - contingency reversal		125,000				125,000
Changes in net assets	(117,375)	401,137	47,369	(30,966)	(70,006)	370,171
Beginning net assets	3,838,839	3,437,702	10,208,655	10,239,621	14,047,494	13,677,323
Prior period adjustments	(500,235)		(288,155)		(788,390)	
Ending net assets	<u>\$ 3,221,229</u>	<u>\$ 3,838,839</u>	<u>\$ 9,967,869</u>	<u>\$ 10,208,655</u>	<u>\$ 13,189,098</u>	<u>\$ 14,047,494</u>

Financial Analysis of the Township's Funds

The Township's General Fund had expenditures over revenues totaling \$146,424. This is primarily due to significant legal fees.

The other major governmental funds of the Township are the Law Enforcement and the Fire funds. The expenditures exceeded revenues for the Law Enforcement Fund and the Fire Fund combined due to high operating costs and stagnant revenues.

The Township's sole proprietary fund, the Sewage Disposal System Fund, reported net income of \$47,369. The increases are due to similar operating costs and rising sewer rates.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Total actual expenditures exceeded appropriations by \$42,408. The budget was amended during the year to account for immaterial amounts in order to bring it closer to economic reality, and anticipated higher election and road expenditures. The Township expenditures exceeded appropriations in several activities, but large legal expenditures at year end comprised the largest portion of this overage.

Capital Asset and Debt Administration

The governmental funds purchased \$86,382 of capital assets. Primarily law enforcement vehicles and Township Hall improvements.

The governmental funds issued \$32,583 of long-term debt while retiring \$514,824 of this debt. This is due in large part from the finance of police vehicles. Total debt of \$5,800,461 was outstanding as of June 30, 2010.

The business-type fund issued no new debt during the year, but has retired \$540,000 of previously existing debt.

Economic Conditions and Future Activities

The Township is anticipating a further drop in state revenue sharing for its general fund to continue into next year due to the declining economic environment.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Northfield Township at 8350 Main Street, Whitmore Lake, MI 48189.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<u>ASSETS</u>			
ASSETS			
Cash, cash equivalents and investments	\$ 1,545,688	\$ 1,073,870	\$ 2,619,558
Cash, cash equivalents and investments - restricted		1,400,678	1,400,678
Receivables			
Taxes	309,277		309,277
State shared revenues	87,553		87,553
Accounts	119,805	346,211	466,016
Interest		12,806	12,806
Special assessments - restricted		1,944,118	1,944,118
Prepaid expenses	59,358	5,337	64,695
Land contract receivable			
Current	3,215		3,215
Non-current	51,427		51,427
Capital assets, not being depreciated			
Non-depreciated	308,900	226,918	535,818
Depreciated, net	7,450,771	9,815,500	17,266,271
Total assets	9,935,994	14,825,438	24,761,432
<u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	199,187	27,359	226,546
Accrued compensated absences	138,979	28,290	167,269
Non-current liabilities			
Due within one year	354,064	545,000	899,064
Due beyond one year	5,446,397	3,950,000	9,396,397
Other non-current liabilities			
Post-employment health benefits	576,138	306,920	883,058
Total liabilities	6,714,765	4,857,569	11,572,334
<u>NET ASSETS</u>			
NET ASSETS			
Invested in capital assets, net of related debt	1,984,857	5,547,418	7,532,275
Restricted for debt and capital	27,280	3,344,796	3,372,076
Unrestricted	1,209,092	1,075,655	2,284,747
Total net assets	\$ 3,221,229	\$ 9,967,869	\$ 13,189,098

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ (1,153,751)	\$ 253,975	\$ 1,200	\$
Fire protection	(876,858)	95,332	54,964	
Police protection	(1,719,980)	30,454		
Senior center/recreation	(134,517)	43,638		
Public works/roads	(93,329)			
Interest on long-term debt	(278,457)			
Total governmental activities	(4,256,892)	423,399	56,164	
BUSINESS-TYPE ACTIVITIES				
Sewer system	(1,423,715)	1,245,928		7,100
Total	\$ (5,680,607)	\$ 1,669,327	\$ 56,164	\$ 7,100

General revenues

Property taxes

States shared revenues

Interest income - cash and equivalents

Interest income - special assessments

Franchise fees

Rental income

Other income

Sale of capital assets

Total general revenues, transfers and
and special item

Changes in net assets

Net assets, July 1, 2009

Prior period adjustment

Net assets, June 30, 2010

The notes of the financial statements are an integral part of this statement.

Net (Expenses) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (898,576)	\$	\$ (898,576)
(726,562)		(726,562)
(1,689,526)		(1,689,526)
(90,879)		(90,879)
(93,329)		(93,329)
(278,457)		(278,457)
<u>(3,777,329)</u>		<u>(3,777,329)</u>
	<u>(170,687)</u>	<u>(170,687)</u>
<u>(3,777,329)</u>	<u>(170,687)</u>	<u>(3,948,016)</u>
2,732,232		2,732,232
524,171		524,171
9,231	88,367	97,598
	126,587	126,587
98,176		98,176
286,665		286,665
7,273	3,102	10,375
2,206		2,206
<u>3,659,954</u>	<u>218,056</u>	<u>3,878,010</u>
(117,375)	47,369	(70,006)
3,838,839	10,208,655	14,047,494
<u>(500,235)</u>	<u>(288,155)</u>	<u>(788,390)</u>
<u>\$ 3,221,229</u>	<u>\$ 9,967,869</u>	<u>\$ 13,189,098</u>

FUND
FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Fire Fund</u>	<u>Law Enforcement Fund</u>
<u>ASSETS</u>			
ASSETS			
Cash and investments	\$ 950,621	\$ 313,066	\$ 85,082
Receivables			
Taxes	45,911	70,864	159,439
State shared revenues	87,553		
Accounts	66,969	14,217	5,083
Library	54,642		
Due from other funds	11,568	7,093	14,153
Prepaid expenditures	24,858	1,396	33,104
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,242,122</u>	<u>\$ 406,636</u>	<u>\$ 296,861</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 154,442	\$ 16,131	\$ 12,418
Accrued compensated absences	5,455	7,959	118,055
Due to other funds	1,133		
Due to others	5,230		
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>166,260</u>	<u>24,090</u>	<u>130,473</u>
FUND BALANCE			
Unreserved	960,508		
Reserved for prepaid expenditures	24,858	1,396	33,104
Reserved for long-term receivables	90,496		
Reserved for public safety		381,150	133,284
Reserved for debt service			
Reserved for community development			
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>1,075,862</u>	<u>382,546</u>	<u>166,388</u>
Total liabilities and fund balances	<u>\$ 1,242,122</u>	<u>\$ 406,636</u>	<u>\$ 296,861</u>

The notes of the financial statements are an integral part of this statement.

Non-major Funds	Totals
\$ 196,919	\$ 1,545,688
33,063	309,277
	87,553
	86,269
	54,642
2,876	35,690
	59,358
<u>\$ 232,858</u>	<u>\$ 2,178,477</u>

\$ 10,966	\$ 193,957
7,510	138,979
1,021	2,154
	5,230
<u>19,497</u>	<u>340,320</u>

3,349	963,857
	59,358
	90,496
31,518	545,952
52,477	52,477
126,017	126,017
<u>213,361</u>	<u>1,838,157</u>
<u>\$ 232,858</u>	<u>\$ 2,178,477</u>

NORTHFIELD TOWNSHIP
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

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

Total fund balance per balance sheet		\$ 1,838,157
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 10,553,675	
Accumulated depreciation	<u>(2,794,004)</u>	
Capital assets net of accumulated depreciation		7,759,671
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Long-term debt	(5,800,461)	
Other post-employment benefits	<u>(576,138)</u>	
Total		<u>(6,376,599)</u>
Net assets of governmental activities		<u>\$ 3,221,229</u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Fire Fund	Law Enforcement Fund
REVENUES			
Taxes	\$ 275,052	\$ 660,074	\$ 1,475,888
State shared revenues	524,171		
Grant income		54,964	
Licenses and permits	25		2,575
Contributions	1,200		
Rental income	3,600		6,000
Franchise fees	98,176		
Charges for services	265,709	17,316	27,879
Fines and forfeitures			48,119
Interest	8,887	160	57
Miscellaneous	7,273		
Total revenues	<u>1,184,093</u>	<u>732,514</u>	<u>1,560,518</u>
EXPENDITURES			
Current:			
General government	1,066,369		
Fire rescue		667,468	
Police protection			1,589,156
Senior citizens/recreation	126,944		
Roads	32,325		
Public works	30,620		
Debt service:			
Principal	20,000	59,431	16,436
Interest/fees		14,861	1,326
Capital outlay:			
General government	54,259		
Fire rescue		6,616	
Police protection			
Total expenditures	<u>1,330,517</u>	<u>748,376</u>	<u>1,606,918</u>
Excess of revenues over (under) expenditures	<u>(146,424)</u>	<u>(15,862)</u>	<u>(46,400)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds			32,583
Sale of capital assets	1,640		3,790
Transfers in		35,000	5,200
Transfers (out)	(47,000)		
Total other financing sources (uses)	<u>(45,360)</u>	<u>35,000</u>	<u>41,573</u>
Net changes in fund balances	(191,784)	19,138	(4,827)
FUND BALANCE, JULY 1, 2009	<u>1,267,646</u>	<u>363,408</u>	<u>171,215</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 1,075,862</u>	<u>\$ 382,546</u>	<u>\$ 166,388</u>

The notes of the financial statements are an integral part of this statement.

Non-major Funds	Total
\$ 321,218	\$ 2,732,232
	524,171
	54,964
31,144	33,744
	1,200
277,065	286,665
	98,176
735	311,639
29,897	78,016
127	9,231
	7,273
<u>660,186</u>	<u>4,137,311</u>
48,790	1,115,159
	667,468
2,415	1,591,571
	126,944
	32,325
30,384	61,004
418,957	514,824
262,270	278,457
	54,259
	6,616
9,200	9,200
<u>772,016</u>	<u>4,457,827</u>
<u>(111,830)</u>	<u>(320,516)</u>
	32,583
	5,430
12,000	52,200
<u>(5,200)</u>	<u>(52,200)</u>
<u>6,800</u>	<u>38,013</u>
(105,030)	(282,503)
<u>318,391</u>	<u>2,120,660</u>
<u>\$ 213,361</u>	<u>\$ 1,838,157</u>

NORTHFIELD TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

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

Net change in fund balances - governmental funds	\$ (282,503)
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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 amount by which depreciation exceeded capital outlays is as follows:

Capital outlay	\$ 86,382	
Depreciation expense	<u>(324,368)</u>	
Total		(237,986)

Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repayment of:		
Capital leases	194,824	
Bonds payable	<u>320,000</u>	
Total		514,824

Proceeds for sale of capital assets are recorded in the fund statements, but are recorded as gains/losses on the government-wide statements based on the remaining book value:

Book value of disposed capital assets	(3,224)
---------------------------------------	---------

Post-employment health care benefits are recorded in the governmental funds on a pay-as-you-go-basis. However, the government-wide statements records these expenses as they are earned.

Current annual required contribution	(75,903)
--------------------------------------	----------

Proceeds from long-term debt provide current financial resources to governmental funds, but the issuing of debt increase long-term liabilities in the Statement of Activities

Lease proceeds	<u>(32,583)</u>
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Change in net assets of governmental activities	<u><u>\$ (117,375)</u></u>
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The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

ASSETS

	<u>Sewage Disposal System Fund</u>	
CURRENT ASSETS		
Cash, cash equivalents and investments	\$ 1,073,870	
Sewer billings receivable	342,988	
Interest receivable	12,806	
Due from other funds	3,223	
Prepaid expenses	<u>5,337</u>	
Total current assets		\$ 1,438,224
RESTRICTED ASSETS		
Cash, cash equivalents and investments - capital and debt	1,400,678	
Special assessments receivable - capital and debt	<u>1,944,118</u>	
Total restricted assets		3,344,796
PLANT, PROPERTY AND EQUIPMENT		
Non-depreciated	226,918	
Depreciated, net	9,815,500	
Net plant, property, and equipment		<u>10,042,418</u>
Total assets		<u>14,825,438</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	27,359	
Accrued compensated absences	28,290	
Contracts payable - current portion	<u>545,000</u>	
Total current liabilities		600,649
LONG-TERM LIABILITIES		
Net other post-employment benefit liability	306,920	
Contracts payable - less current portion	<u>3,950,000</u>	
Total long-term liabilities		<u>4,256,920</u>
Total liabilities		<u>4,857,569</u>

NET ASSETS

NET ASSETS		
Invested in capital assets, net of related debt	5,547,418	
Restricted for capital and debt	3,344,796	
Unrestricted	<u>1,075,655</u>	
Total net assets		<u>\$ 9,967,869</u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Sewage Disposal System Fund</u>
OPERATING REVENUES	
User charges	\$ 1,245,928
OPERATING EXPENSES	
Salaries and wages	\$ 274,394
Employee benefits/payroll taxes	127,544
Depreciation	338,393
Other operating expenses	<u>469,910</u>
Total operating expenses	<u>1,210,241</u>
Operating income	35,687
NON-OPERATING REVENUES AND (EXPENSES)	
Other income	3,102
Interest income - cash and equivalents	88,367
Interest income - special assessments	126,587
Interest expense	(212,599)
Bond fees	<u>(875)</u>
Total non-operating revenues and (expenses)	<u>4,582</u>
Net income before capital contributions	40,269
CAPITAL CONTRIBUTIONS	<u>7,100</u>
Connection fees	
Change in net assets	47,369
NET ASSETS, JULY 1, 2009	10,208,655
PRIOR PERIOD ADJUSTMENT	<u>(288,155)</u>
NET ASSETS, JUNE 30, 2010	<u><u>\$ 9,967,869</u></u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

		Sewage Disposal System Fund
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash received from users		\$ 1,299,461
Cash payments to employees		(273,411)
Cash payments to suppliers		(591,374)
Cash payments to other funds, net		2,697
		<u>437,373</u>
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Special assessments received	\$ 310,135	
Interest paid on long-term bonds	(212,599)	
Bond fees	(875)	
Repayment of principal on bonds/contracts	<u>(540,000)</u>	
Net cash (used in) capital and related financing activities		(443,339)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Interest on cash and cash equivalents	75,561	
Purchases of investments	<u>(189,443)</u>	
Net cash (used in) investing activities		<u>(113,882)</u>
Net decrease in cash and cash equivalents		(119,848)
CASH AND CASH EQUIVALENTS AT, JULY 1, 2008		<u>929,910</u>
CASH AND CASH EQUIVALENTS AT, JUNE 30, 2009		<u><u>\$ 810,062</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income		\$ 35,687
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	\$ 338,393	
Other income	3,102	
Change in assets and liabilities:		
Decrease in sewer billings receivable	37,891	
Decrease in due from other funds	2,697	
(Increase) in prepaid expenses	(1,130)	
Increase in accounts payable/accrued compensated absences	1,968	
Increase in post-employment benefit liability	<u>18,765</u>	
Total adjustments		<u>401,686</u>
Net cash provided by operating activities		<u><u>\$ 437,373</u></u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2010

	Current Tax Collection Fund	Trust and Agency Fund	Totals
	<hr/>	<hr/>	<hr/>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 105,139	\$ 86,506	\$ 191,645
Due from others	1,048		1,048
Due from other funds	5,522	1,133	6,655
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 111,709</u>	<u>\$ 87,639</u>	<u>\$ 199,348</u>
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 38,913	\$	\$ 38,913
Due to others	72,796	27	72,823
Performance deposits		87,612	87,612
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 111,709</u>	<u>\$ 87,639</u>	<u>\$ 199,348</u>
	<hr/>	<hr/>	<hr/>

The notes of the financial statements are an integral part of this statement.

NOTES
TO
FINANCIAL
STATEMENTS

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

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 activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, 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. Net interfund activity and balances between governmental activities and business-type activities are shown in 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 equals 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, net of related debt, 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 or 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 expenses 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.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary 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/expenses of fund category and of the governmental and enterprise 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 Law Enforcement Fund accounts for all the activity associated with providing police protection services. This fund is primarily supported through the collection of property taxes.

The Fire Fund accounts for all the activity associated with providing fire and medical rescue services. This fund is primarily supported through the collection of property taxes.

The Township reports the following major enterprise fund:

The Sewage Disposal System Fund accounts for all the activity associated with the operations and maintenance of a sewage treatment system.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and 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, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general 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. The former being a decrease in fund balances and the later being an increase in fund balances.

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

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, 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.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total proprietary funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the proprietary funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Proprietary funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, proprietary funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

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. 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. The Township currently maintains two agency funds. One accounts for the collection and disbursement of property taxes and the other accounts for monies held in escrow for certain development projects.

C. 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 long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered a capital asset regardless of initial cost.

The cost 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.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

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

D. ACCRUED COMPENSATED ABSENCES

The Township has recorded a liability for compensated absences. The policies regarding compensated absences are outlined in the Township's "Rules of Employment".

E. BUDGETARY DATA

The board of trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approved by the entire Township board. The budget is approved by activity rather than line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings. Budget appropriations made, but not expended by year end, will lapse with the fiscal year end.

For the year ended June 30, 2010, expenditures exceeded appropriations in several functional activities. See the notes to required supplementary information for additional details.

F. PROPERTY TAXES

Property tax revenues are recognized in the fiscal year for which the taxes are levied. Property taxes are levied on December 1 each year. These taxes become liens on the property at that date. These taxes are due on February 14, with the final collection date of February 28. The delinquent real property taxes of Northfield Township are purchased by Washtenaw County. The county sold tax notes, the proceeds of which will be used to pay the Township for these property taxes. This has yet to take place. The 2009 adjusted taxable value of the Township totaled \$341,025,842. The Township levied the following millages during the current fiscal year ended June 30, 2010:

General Township	.7997
Fire	1.9240
Police	4.3022
Public safety building	<u>.8591</u>
Total millage	<u>7.885</u>

G. OTHER FINANCING SOURCES (USES)

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

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

H. INVESTMENTS

Investments are stated at cost.

I. CASH EQUIVALENTS

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

J. USE OF 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.

K. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. 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.

L. RECEIVABLES

When necessary the Township utilizes an allowance for uncollectable accounts to value its receivables. The Township considers all of its trade and special assessment receivables to be collectable.

M. FUND BALANCES

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans, if any, that are subject to change.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations are considered to be part of the reporting entity for financial statement purposes.

The criteria established by GASB Statement No. 39 for various governmental organizations to be included in the reporting entity's financial statements include accountability, control, and significant financial relationships.

The accompanying financial statements of Northfield Township as of June 30, 2010, include any and all boards, agencies, funds and account groups under the jurisdiction of the Northfield Township Board.

NOTE 3 - LAND CONTRACT RECEIVABLE - NORTHFIELD TOWNSHIP AREA LIBRARY

On May 15, 1989, the Township entered into a land contract with the Northfield Township Library Board for the purchase of property commonly known as the "Dodge House". This transaction, which represents monies expended from the Northfield Township general fund, was in the original amount of \$112,500, and is to be amortized over thirty-five (35) years, without interest. Annual installments of \$3,215 started on February 22, 1993. The total outstanding balance at June 30, 2010 was \$54,642.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2010 was as follows:

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 304,763	\$ 4,137	\$	\$ 308,900
Capital assets being depreciated:				
Buildings	8,085,944	22,465		8,108,409
Equipment	2,124,910	59,780	48,324	2,136,366
Total cost depreciable	10,210,854	82,245	48,324	10,244,775
Less accumulated depreciation for:				
Buildings	(1,209,043)	(164,228)		(1,373,271)
Equipment	(1,305,693)	(160,140)	45,100	(1,420,733)
Total accumulated depreciation	(2,514,736)	(324,368)	45,100	(2,794,004)
Capital assets being depreciated, net	7,696,118	(242,123)	3,224	7,450,771
Governmental activities capital assets, net	\$ 8,000,881	\$ (237,986)	\$ 3,224	7,759,671
Related long-term debt outstanding at June 30, 2010				(5,774,814)
Governmental activities capital assets, net of related long-term debt				\$ 1,984,857

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS- continued

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 226,918	\$	\$	\$ 226,918
Capital assets being depreciated:				
Plant and equipment	14,355,243			14,355,243
Less accumulated depreciation for:				
Plant and equipment	(4,201,350)	(338,393)		(4,539,743)
Capital assets being depreciated, net	10,153,893	(338,393)		9,815,500
Business-type activities capital assets, net	<u>\$ 10,380,811</u>	<u>\$ (338,393)</u>	<u>\$</u>	10,042,418
Less: related long-term debt outstanding as of June 30, 2010				<u>(4,495,000)</u>
Business-type activities capital assets net of related debt				<u>\$ 5,547,418</u>

Depreciation expense was distributed to the various activities as follows:

Governmental activities:	
General government	\$ 10,935
Fire protection and medical rescue	220,774
Police protection	103,086
Senior center	<u>7,573</u>
Subtotal	342,368
Business-type activities:	
Sewer service	<u>338,393</u>
Total	<u>\$ 680,761</u>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT

The following is a summary of the Township's governmental activity long-term debt:

Capital Leases

1. On September 26, 2005 the Township entered into a lease agreement with Kansas State Bank of Manhattan to purchase two (2) fire trucks and refinance of a medical rescue truck. The Township is required to make annual payments in arrears of \$13,575 for the first three years and \$48,109 for the remaining seven years. At the end of the lease term title to all leased assets passes to the Township. Interest of 4.85% is being charged on the lease. The lease is scheduled to expire on October 1, 2015. The outstanding principal balance was \$245,350 at June 30, 2010.
2. On November 19, 2007 the Township entered into a lease agreement with Ford Motor Credit to purchase a 2008 Crown Victoria police cruiser. The Township is required to make three annual payments of \$8,939 until the lease expires in November of 2009. At the end of the lease term, the Township has a \$1 bargain purchase option. Interest of 6.9% is being charged on the lease. This lease was paid in full as of June 30, 2010.
3. On September 12, 2007 the Township entered into a lease agreement with Fleetwood Financial to purchase digital video equipment for police cruisers. The Township is required to make annual payments of \$8,822 until the lease expires in September of 2011. At the end of the lease term, title passes to the Township. Interest of 3.00% is being charged on the lease. The outstanding principal balance at June 30, 2010 was \$16,881.
4. On October 5, 2009 the Township entered into a lease agreement with Ford Motor Credit to purchase two Crown Victoria police cars. The Township is required to make three annual payments of \$17,996 until the lease expires in October of 2012. At the end of the lease term, the Township has a \$1 bargain purchase option. Interest of 6.80% is being charged on the lease. The outstanding balance was \$32,583 at June 30, 2010.

Bonds Payable

1. Bonds payable for the financing of the construction costs for the public safety building. Principal payments ranging from \$50,000 to \$275,000 are due annually on April 1 and maturing on April 1, 2022. Interest is charged at 6.0% to 4.0%, payable semi-annually. The outstanding balance of the note at June 30, 2010 was \$2,750,000.
2. Bonds payable for the financing of the construction costs for the public safety building. Principal payments ranging from \$75,000 to \$250,000 are due annually on April 1 and maturing on April 1, 2023. Interest is charged at 3.25% to 5.0%, payable semi-annually. The outstanding balance of the note at June 30, 2010 was \$2,350,000.
3. Bonds payable for the financing of the construction costs for the public safety building. Principal payments ranging from \$15,000 to \$50,000 are due annually on April and maturing on April 1, 2023. Interest is charged at 3.10% to 5.10%, payable semi-annually. The outstanding balance of the note at June 30, 2010 was \$380,000.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT - continued

Installment Loans Payable

1. Installment loan payable to J.P. Morgan Chase for the financing of a pumper truck. Principal payments ranging from \$15,000 to \$24,886 are due annually on December 1 and mature December 2009. Interest is charged at 5.15%, payable annually. As of June 30, 2010 this note was fully retired.
2. Installment loan payable to J.P. Morgan Chase for the financing of a platform truck. Principal payments ranging from \$35,000 to \$98,957 are due annually on December 1 and mature December 2009. Interest is charged at 5.15%, payable annually. As of June 30, 2010 this note was fully retired.
3. Installment obligation payable to Ann Arbor Township to reimburse such Township for shared costs of a road repair project. Principal payments ranging between \$10,000 and \$5,647 are due annually on July 1 and the obligation will be fully satisfied on July 1, 2013. This obligation does not accrue interest. The outstanding balance on June 30, 2010 was \$25,647.

The following is a schedule of changes in the long-term debt of governmental activities:

	Balance 7/1/2009	Additions	Payments	Balance 6/30/2010	Amount Due Within One Year
Capitalized Lease					
Ford Motor Credit	\$	\$ 32,583	\$	\$ 32,583	\$ 15,748
Kansas State Bank	279,895		34,545	245,350	36,209
Ford Motor Credit	8,362		8,362		
Fleetwood Financial	24,955		8,074	16,881	8,316
Total capitalized leases	313,212	32,583	50,981	294,814	60,273
Bonds Payable					
National City	2,925,000		175,000	2,750,000	175,000
National City	2,475,000		125,000	2,350,000	125,000
National City	400,000		20,000	380,000	20,000
Total bonds payable	5,800,000		320,000	5,480,000	320,000
Installment Loans Payable					
Ann Arbor Township	45,647		20,000	25,647	10,000
J.P. Morgan Chase	24,886		24,886		
J.P. Morgan Chase	98,957		98,957		
Total installment loans payable	169,490		143,843	25,647	10,000
Governmental activities capital assets, net	\$ 6,282,702	\$ 32,583	\$ 514,824	\$ 5,800,461	\$ 390,273

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT - continued

The following is a schedule of principal and interest payments to service the governmental long-term obligations of the Township:

Year Ending:	Capitalized Leases		Bonds Payable		Installment Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010 - 2011	\$ 60,273	\$ 14,654	\$ 320,000	\$ 239,475	\$ 10,000	\$	\$ 390,273	\$ 254,129
2011 - 2012	63,365	11,563	345,000	223,225	10,000		418,365	234,788
2012 - 2013	39,806	8,303	375,000	209,100	5,647		420,453	217,403
2013 - 2014	41,737	6,372	375,000	193,775			416,737	200,147
2014 - 2015	43,761	4,348	400,000	178,275			443,761	182,623
2015 - 2020	45,872	2,225	2,285,000	619,565			2,330,872	621,790
2020 - 2023			1,380,000	117,300			1,380,000	117,300
Totals	<u>\$ 294,814</u>	<u>\$ 47,465</u>	<u>\$ 5,480,000</u>	<u>\$ 1,780,715</u>	<u>\$ 25,647</u>	<u>\$</u>	<u>\$ 5,800,461</u>	<u>\$ 1,828,180</u>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - LONG TERM DEBT - continued

The following is a summary of bonds payable debt for the business-type activities for the year ending June 30, 2010:

1. Loan payable to Washtenaw County to finance the sanitary sewer system expansion at Seven Mile Road. Principal payable in annual installments ranging from \$30,000 to \$45,000 starting April 2006, and maturing on April 2022. Interest is paid semi-annually charged at 3.7% to 4.5%. Outstanding balance of the bonds was \$500,000 at June 30, 2010.
2. Loan payable to Michigan Municipal Bond Authority to finance the refunding bonds for the 1992 junior lien bonds originally issued in 1992. A net present value savings of \$84,344 was created by issuing these refunding bonds due to decline in interest rates. Principal payable in annual installments ranging from \$30,000 to \$45,000 starting April 2006, and maturing on April 2022. Interest is paid semi-annually charged at 2.0% to 4.5%. Outstanding balance of the bonds was \$480,000 at June 30, 2010.
3. Loan payable to Washtenaw to finance the refunding bonds for the various expansion project bonds. A net present value savings of \$243,781 was created by issuing these refunding bonds due to decline in interest rates. Principal payable in annual installments ranging from \$485,000 to \$555,000 starting May 2008, and maturing on May 2017. Interest is paid semi-annually charged at 4.25%. Outstanding balance of the bonds was \$3,515,000 at June 30, 2010.

The following is a schedule of changes in the long-term debt of business-type activities:

Bonds Payable	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010	Amount Due Within One Year
Expansion - Seven Mile	\$ 525,000	\$	\$ 25,000	\$ 500,000	\$ 25,000
Expansion - 2007 refunding	4,000,000		485,000	3,515,000	485,000
Michigan Municipal Bond Authority: 1992 junior lien refunding	510,000		30,000	480,000	35,000
Total business-type activities long-term debt	<u>\$ 5,035,000</u>	<u>\$</u>	<u>\$ 540,000</u>	<u>\$ 4,495,000</u>	<u>\$ 545,000</u>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - LONG TERM DEBT - (continued)

The following is a schedule of principal and interest payments to service the business-type long term obligations of the Township:

	Bonds Payable		
	Principal	Interest	Total
2010 - 2011	\$ 545,000	\$ 190,338	\$ 735,338
2011 - 2012	565,000	167,750	732,750
2012 - 2013	555,000	144,076	699,076
2013 - 2014	600,000	120,764	720,764
2014 - 2015	620,000	95,489	715,489
2015 - 2020	1,420,000	163,435	1,583,435
2020 - 2023	190,000	13,362	203,362
Totals	<u>\$ 4,495,000</u>	<u>\$ 895,214</u>	<u>\$ 5,390,214</u>

NOTE 6 - DEFINED CONTRIBUTION PENSION PLAN

The defined contribution plan of Northfield Township is a fully insured plan funded by both employer (2/3) and employee (1/3) contributions. An employee may make voluntary contributions of up to 10% of their annual compensation. All participants are vested 100% immediately. The Northfield Township Area Library participates with the Township in this plan and is included in all subsequent data regarding the plan.

A participant includes all full-time employees as of the beginning of the anniversary date or June 1st of each year. The annual contributions are based on the following formula:

Employer contributes 10% of wages
Employee contributes 5% of wages

Annual contribution
to pension plan 15% of wages

The plan name is "Group Pension Plan" #GN 53402 through John Hancock Financial. A summary of the plan's activity for the period July 1, 2009 to June 30, 2010, is as follows:

Balance in guaranteed account July 1, 2009	\$ 1,818,742
Current year contributions	
Township portion	\$ 72,466
Employee portion	<u>34,226</u>
Total contributions	106,692
Distributions/fees	(25,872)
Investment losses plus asset charges	<u>175,366</u>
Balance in guaranteed account June 30, 2010.	<u>\$ 2,074,928</u>

Interest has been credited to June 30, 2010.

A contribution of \$72,466 was made in the fiscal year ended June 30, 2010.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Northfield Township Police Department elected on July 24, 2006 to participate in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined benefit 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. The Township has no fiduciary responsibility for the plan. All full-time officers and supervisors of the police department are eligible to participate in the plan immediately upon employment.

As of December 31, 2009, the police department had eleven (11) covered employees and twenty (20) total employees. Covered payroll for the year then ended was \$647,904.

The police department is covered under plan section 19A (B-3/V8). The plan provides for vesting of benefits after eight years of service. Participants may elect normal retirement at age 60, with 10 or more years of service. The plan also provides for early retirement at age 55, with 15 or more years of service, and at age 50 with 25 or more years of service.

Employees contribute 5% of gross wages to the plan.

The police department currently has no retirants or beneficiaries in the plan.

The following information, which is the most current available, was obtained from the Township's actuarial consultants, 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 public 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, 2009. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually) after retirement.

At December 31, 2009, the unfunded pension benefit obligation was \$97,482, determined as follows:

Pension benefit obligation	
Retirees and beneficiaries currently receiving benefits	\$
Terminated employees not yet receiving benefits	66,288
Non-vested terminated employees	
Current employees	
Accumulated employee contribution, including allocated investment income	354,505
Employer financed	423,657
	<hr/>
Total pension benefit obligation	844,450
Net assets available for benefits, at cost (at market)	746,968
	<hr/>
Unfunded actuarial accrued liability	\$ 97,482
	<hr/>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8 - INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivables and payables exist at June 30, 2010. These represent short-term borrowings and amounts owed for reimbursements between other funds.

The following is a summary of the outstanding borrowings between the various funds of the Township:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 11,568	\$ 1,133
Fire Fund	7,093	
Law Enforcement Fund	14,153	
Public Safety Debt Service Fund	2,876	
Downtown Development Authority Fund		1,021
Sewer Disposal System Fund	3,223	
Current Tax Collection Fund	1,048	38,913
Trust and Agency Fund	<u>1,133</u>	<u>27</u>
Total interfund balances	<u><u>\$ 41,094</u></u>	<u><u>\$ 41,094</u></u>

Interfund transfers for the year ended June 30, 2010 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>	<u>Amount</u>
Fire Fund	General Fund	Pay operating expenditures	\$ 35,000
Building Department Fund	General Fund	Pay operating expenditures	12,000
Law Enforcement Fund	Narcotics Fund (non-major)	Pay operating expenditures	<u>5,200</u>
			<u><u>\$ 52,200</u></u>

NOTE 9 - SEGMENT INFORMATION - BUSINESS-TYPE ACTIVITIES

Selected financial information with respect to the enterprise fund maintained by the Township for sewage disposal service is as follows:

	<u>Sewage Disposal Fund</u>
Operating revenues	\$ 1,245,928
Depreciation	338,393
Operating income	35,687
Net working capital	1,382,575
Total assets	14,825,438
Total fund equity	9,967,869

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 10 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, (Public Act 20 of 1943, as amended) authorizes the Township to make deposits 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.

As of June 30, 2010 deposits and investments consist of the following:

Checking accounts	<u>\$ 206,198</u>
Investments	
Investment pools	1,665,515
Money market funds	257,862
Negotiable certificate of deposit	1,568,659
Governmental securities	<u>605,764</u>
Total investments	<u>4,097,800</u>
Total deposits and investments	<u><u>\$ 4,303,998</u></u>

Custodial Credit Risk

Deposits - This is the risk that in the event of a bank failure, the Township will not be able to recover its deposits. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$ -0- of its deposits with financial institutions (checking and savings accounts and certificates of deposits) that were uninsured and uncollateralized. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments - This is the risk that in the event of the failure of a counterparty to a transaction, the Township will not be able to recover the value of its investments. The Township does not have a policy to cover custodial credit risk of investments. At the year end, the Township had \$2,042,303 of investments that were uninsured and uncollateralized. The Township evaluates each financial institution with which it invests and assesses the level of risk of each institution. Investments are made only with those institutions with an acceptable estimated risk level.

Concentration of Credit Risk

Concentration of credit risk is the risk attributed to the magnitude of the Township's investment in a single issuer. The Township's investment policy requires diversification with a primary focus on safety. However, the policy does not place a fixed percentage limit for any one issuer, investments in any one issuer that represent 5 percent or more of total investments are:

<u>Investment Type</u>	<u>Issuer</u>	<u>Percent of Portfolio</u>
US Agencies	Federal Home Loan Bank	10%
Negotiable CD	LaSalle Bank	5%
Negotiable CD	Wells Fargo Bank	6%

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 10 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates and could possibly adversely affect the fair values of investments and cash deposits. The Township's investment policy does not specifically limit investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

As of June 30, 2010 the Township had the following investment maturities:

Investment Type	Value	Investment Maturities (In Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Agencies	\$ 605,764	\$	\$ 100,432	\$ 392,329	\$ 113,003
Negotiable CD's	1,568,659		592,539	426,095	550,025
	<u>\$ 2,174,423</u>	<u>\$</u>	<u>\$ 692,971</u>	<u>\$ 818,424</u>	<u>\$ 663,028</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township investment policy limits investments to those authorized by Public Act 20 of 1943. Commercial paper must be rated within the two (2) highest classifications established by not less than two (2) standard ratings services. Ratings are not required for U.S. Treasuries and money market accounts. As of June 30, 2010, the Township's investments were exposed to credit risk as follows:

Investment Type	Rating by S & P	Amount
Investment Pool	Unrated	\$ 1,665,515
Negotiable Certificate of Deposit	Unrated	1,568,659
Money Market Funds	Unrated	257,862
Government Securities	A-1+	<u>605,764</u>
		<u>\$ 4,097,800</u>

NOTE 11 - STATEMENT OF CASH FLOWS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to represent cash flows from operations. The following is a schedule of beginning and ending cash and cash equivalents:

	6/30/2009	6/30/2010
Current assets		
Cash and cash equivalents	<u>\$ 929,910</u>	<u>\$ 810,062</u>

NOTE 12 - FEDERAL GRANT ACTIVITIES

The Township has been a recipient of several federal grant funds for law enforcement and medical rescue activities in previous fiscal years. These funds are subject to federal grant audit requirements.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 13 - PROJECT UNCERTAINTY

The Township has \$6,365,000 of bonds due for the public safety building. Currently, the Township has levied .7494 mills in order to service this debt. Cash flow projections are unclear as to whether the Township will be able to fulfill the debt service requirements from these existing bonds. The Township is considering various options to remedy this potential problem.

NOTE 14 - POST EMPLOYMENT BENEFITS

Plan Description

The Township approved a resolution to offer all eligible full-time employees/elected officials medical, hospitalization, and dental insurance. To be eligible one must complete twenty (20) years of service and have obtained the age of fifty-five (55). The Township only contributes the costs of having coverage as a single person until they reach the age that Medicare benefits are available. As of the year ended June 30, 2010 there were no individuals receiving these benefits. There are two individuals that may qualify to receive these benefits, but are not expected to collect until next year.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirement, with an additional amount to prefund benefits determined annually by the Township. Eligible employees have no obligation to fund this benefit.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year. The net OPEB obligation of \$576,138 is included as a non-current liability on the Statement of Net Assets.

	Governmental Fund	Business-type Fund	Total
Annual required contribution			
Normal cost component at year end	\$ 75,903	\$ 18,765	\$ 94,668
Unfunded Actuarial Accrued Liability	\$ 576,138	\$ 306,920	\$ 883,058

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 0 percent funded. The accrued liability for benefits was \$883,058 and the actuarial value of the assets was 0 percent resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$883,058.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets (if any) is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 14 - POST EMPLOYMENT BENEFITS (continued)

Method and Assumptions

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

The following assumptions were made:

Termination and mortality rates were assumed to follow the mortality rates provided by the GASB. The expected rate of increase in healthcare insurance premiums used range from 6.8% to 7.0% per year. A discount rate of 4.0% was used with an assumed retirement age of 55 years old. The expected investment rate of return was 7.0%.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

The Township has recorded a prior period adjustment in the year ended June 30, 2010. This figure represents the beginning net unfunded post-retirement health benefits liability. The Township has implemented GASB 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions, in the current fiscal year. GASB 45 allows the Township to amortize the prior costs of these benefits over 30 years, but the Township has elected to record the entire amount of this benefit on the Statement of Net Assets. The beginning unfunded liability was recorded, totaling \$788,390.

NOTE 16 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Sewage Disposal System Fund as of June 30, 2010 consisted of the following:

	Sewage Disposal System Fund	Public Safety Building Debt Service Fund	Total
Cash, cash equivalents and investments	\$ 1,400,678	\$ 27,280	\$ 1,427,958
Special assessment receivables	1,944,118		1,944,118
Total	<u>\$ 3,344,796</u>	<u>\$ 27,280</u>	<u>\$ 3,372,076</u>

NOTE 17 - NEW ACCOUNTING STANDARDS

The GASB has issued the following statements which will become effective in future years as explained further below:

GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This Statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting of these types of assets. The Statement requires that all intangible assets not specifically excluded by its scope and provisions be classified as capital assets. This Statement will become effective for the Township the fiscal year ending June 30, 2011. Management has not yet determined the effect of this Statement on the financial statements.

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 Statement will become effective for the Township in the fiscal year ending June 30, 2011. Management has not yet determined the effect of this Statement on the financial statements.

REQUIRED
SUPPLEMENTARY INFORMATION

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 275,052	\$
Licenses and permits			25	
State shared revenues			524,171	
Charges for services			363,885	
Interest			8,887	
Miscellaneous revenue			12,073	
Total revenues	1,108,150	1,156,100	1,184,093	27,993
EXPENDITURES				
Township board			25,984	
Supervisor			56,185	
Elections			2,718	
Clerk			95,654	
Board of review			14,587	
Treasurer			108,745	
Assessor			170,506	
Township hall and grounds			134,995	
Zoning and planning departments			78,356	
Professional fees			286,284	
Downtown Development Authority			1,207	
Human services contract			3,600	
Roads			52,325	
Street lights			21,187	
Capital outlay			54,259	
Clean up and recycling			4,626	
Rent - PSB			92,355	
Senior Center			126,944	
Total expenditures	1,021,819	1,288,109	1,330,517	(42,408)
Excess of revenues over (under) expenditures	86,331	(132,009)	(146,424)	(14,415)
OTHER SOURCES FINANCING (USES)				
Sale of capital assets			1,640	1,640
Transfers (out)	(50,000)	(47,000)	(47,000)	
Total other financing sources (uses)	(50,000)	(47,000)	(45,360)	1,640
Net change in fund balance	36,331	(179,009)	(191,784)	(12,775)
FUND BALANCE, JULY 1, 2009	1,267,646	1,267,646	1,267,646	
FUND BALANCE, JUNE 30, 2010	\$ 1,303,977	\$ 1,088,637	\$ 1,075,862	\$ (12,775)

NORTHFIELD TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 660,074	\$
Charges for services			13,138	
Grants			54,964	
Interest			160	
Insurance reimbursement			4,178	
Total revenues	666,650	731,590	732,514	924
EXPENDITURES				
Salaries			281,844	
Payroll taxes			21,468	
Hospitalization			15,149	
Life insurance			885	
Pension			7,031	
Uniforms			8,234	
Accounting services			7,800	
Audit fees			3,114	
Transportation			7,828	
Training and development			3,436	
Legal fees			2,106	
Membership fees			1,110	
Contractual services			2,927	
Dispatch services			10,347	
Telephone			5,766	
Supplies			9,249	
Insurance and bonds			44,957	
Office overhead			57,861	
PSB lease			92,355	
Printing and postage			166	
Utilities			7,500	
Repairs and maintenance			21,863	
Debt - principal			59,431	
Debt - interest			14,861	
DDA			2,903	
Tribunals/drains			2,605	
Grant			54,964	
Capital outlay			6,616	
Personnel allocation			(6,000)	
Total expenditures	734,485	797,010	748,376	48,634
Excess of revenues over (under) expenditures	(67,835)	(65,420)	(15,862)	49,558
OTHER SOURCES FINANCING (USES)				
Transfers in	50,000	35,000	35,000	
Net change in fund balance	(17,835)	(30,420)	19,138	49,558
FUND BALANCE, JULY 1, 2009	363,408	363,408	363,408	
FUND BALANCE, JUNE 30, 2010	\$ 345,573	\$ 332,988	\$ 382,546	\$ 49,558

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgets			with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 1,475,888	\$
Fines and court fees			44,694	
Traffic tickets and impound fees			3,425	
Liquor law license fees			2,575	
Interest			57	
Rental income			6,000	
Charges for services			27,879	
Total revenues	1,542,850	1,552,850	1,560,518	7,668
EXPENDITURES	1,683,314	1,656,390	1,606,918	49,472
Excess of revenues over (under) expenditures	(140,464)	(103,540)	(46,400)	57,140
OTHER FINANCING SOURCES (USES)				
Lease proceeds	35,696	35,696	32,583	(3,113)
Sale of capital assets	4,000	4,000	3,790	(210)
Transfers in		5,200	5,200	
Total other financing sources (uses)	39,696	44,896	41,573	(3,323)
Net change in fund balance	(100,768)	(58,644)	(4,827)	53,817
FUND BALANCE, JULY 1, 2009	171,215	171,215	171,215	
FUND BALANCE, JUNE 30, 2010	\$ 70,447	\$ 112,571	\$ 166,388	\$ 53,817

NORTHFIELD TOWNSHIP
SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2010

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.

POLICE EMPLOYEES

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>(Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2006	\$ 401,658	\$ 559,388	\$ 157,730	71.8%	\$ 544,569	29.0%
December 31, 2007	\$ 504,152	\$ 628,353	\$ 124,201	80.2%	\$ 526,406	23.6%
December 31, 2008	\$ 612,725	\$ 795,570	\$ 182,845	77.0%	\$ 580,748	31.5%
December 31, 2009	\$ 746,968	\$ 844,450	\$ 97,482	88.5%	\$ 647,904	15.0%

NORTHFIELD TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
6/30/2009	\$ -	\$ 788,390	\$ 788,390	0.00%
6/30/2010	\$ -	\$ 883,058	\$ 883,058	0.00%

NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION

NORTHFIELD TOWNSHIP
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

NOTE – BUDGETARY INFORMATION

Highlights of the budgetary process are disclosed in Note 1 of the Notes to the Financial Statements.

Budget Overruns

In funds that were required by law to adopt budgets, during the year ended June 30, 2010 expenditures exceeded appropriations in a few areas as follows:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance (Unfavorable)</u>
General Fund:			
Zoning and planning	\$ 71,983	\$ 78,356	\$ (6,373)
Professional fees	207,010	286,284	(79,274)
Streetlights	18,500	21,187	(2,687)
Capital outlay	52,350	54,259	(1,909)
Clean up and recycling	3,300	4,626	(1,326)
	<u>\$ 353,143</u>	<u>\$ 444,712</u>	<u>\$ (91,569)</u>

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL
STATEMENTS

NORTHFIELD TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Building Department Fund	Fire Fund	Fire Truck Fund	Law Enforcement Fund
<u>ASSETS</u>				
ASSETS				
Cash and investments	\$ 12,216	\$ 313,066	\$ 822	\$ 85,082
Taxes receivable		70,864	1,141	159,439
Accounts receivable - other		14,217		5,083
Due from other funds		7,093		14,153
Prepaid expenditures		1,396		33,104
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 12,216</u>	<u>\$ 406,636</u>	<u>\$ 1,963</u>	<u>\$ 296,861</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 1,357	\$ 16,131	\$	\$ 12,418
Accrued compensated absences	7,510	7,959		118,055
Due to other funds				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	8,867	24,090		130,473
FUND BALANCE	<u>3,349</u>	<u>382,546</u>	<u>1,963</u>	<u>166,388</u>
Total liabilities and fund balance	<u>\$ 12,216</u>	<u>\$ 406,636</u>	<u>\$ 1,963</u>	<u>\$ 296,861</u>

<u>Narcotics Fund</u>	<u>Downtown Development Authority Fund</u>	<u>Totals</u>
\$ 29,563	\$ 127,038	\$ 567,787
		231,444
		19,300
		21,246
		34,500
<u>\$ 29,563</u>	<u>\$ 127,038</u>	<u>\$ 874,277</u>

\$ 8	\$	\$ 29,914
		133,524
	1,021	1,021
8	1,021	164,459
29,555	126,017	709,818
<u>\$ 29,563</u>	<u>\$ 127,038</u>	<u>\$ 874,277</u>

NORTHFIELD TOWNSHIP
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2010

	Current Tax Collection Fund	Trust and Agency Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 105,139	\$ 86,506	\$ 191,645
Due from others	1,048		1,048
Due from other funds	<u>5,522</u>	<u>1,133</u>	<u>6,655</u>
Total assets	<u>\$ 111,709</u>	<u>\$ 87,639</u>	<u>\$ 199,348</u>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 38,913	\$	\$ 38,913
Due to others	72,796	27	72,823
Performance deposits	<u> </u>	<u>87,612</u>	<u>87,612</u>
Total liabilities	<u>\$ 111,709</u>	<u>\$ 87,639</u>	<u>\$ 199,348</u>

NORTHFIELD TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Building Department Fund	Fire Fund	Fire Truck Fund	Law Enforcement Fund
REVENUES				
Taxes	\$	\$ 660,074	\$ 13	\$ 1,475,888
Fines and forfeits				44,694
Charges for services	735	17316		31,304
Licenses and permits	31,144			2,575
Interest	2	160	42	57
Grants		54964		
Rental income				6,000
	<u>31,881</u>	<u>732,514</u>	<u>55</u>	<u>1,560,518</u>
Total revenues				
EXPENDITURES				
General government	28,671			
Fire protection		674,084		
Police protection				1,589,156
Public works				
Debt service		74,292	104,662	17,762
	<u>28,671</u>	<u>748,376</u>	<u>104,662</u>	<u>1,606,918</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>3,210</u>	<u>(15,862)</u>	<u>(104,607)</u>	<u>(46,400)</u>
OTHER FINANCING SOURCES (USES)				
Lease proceeds				32,583
Sale of capital assets				3,790
Transfers in	12,000	35,000		5,200
Transfers (out)				
	<u>12,000</u>	<u>35,000</u>	<u></u>	<u>41,573</u>
Total other financing sources (uses)				
Net changes in fund balances	15,210	19,138	(104,607)	(4,827)
FUND BALANCE (DEFICIT), JULY 1, 2009	<u>(11,861)</u>	<u>363,408</u>	<u>106,570</u>	<u>171,215</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 3,349</u>	<u>\$ 382,546</u>	<u>\$ 1,963</u>	<u>\$ 166,388</u>

<u>Narcotics Fund</u>	<u>Downtown Development Authority Fund</u>	<u>Totals</u>
\$ 29,897	\$ 26,518	\$ 2,162,493
		74,591
		49,355
		33,719
	71	332
		54,964
		6,000
<u>29,897</u>	<u>26,589</u>	<u>2,381,454</u>
		28,671
		674,084
11,615		1,600,771
	30,384	30,384
		196,716
<u>11,615</u>	<u>30,384</u>	<u>2,530,626</u>
<u>18,282</u>	<u>(3,795)</u>	<u>(149,172)</u>
		32,583
		3,790
		52,200
<u>(5,200)</u>		<u>(5,200)</u>
<u>(5,200)</u>		<u>83,373</u>
13,082	(3,795)	(65,799)
<u>16,473</u>	<u>129,812</u>	<u>775,617</u>
<u>\$ 29,555</u>	<u>\$ 126,017</u>	<u>\$ 709,818</u>

NORTHFIELD TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Building Authority</u>	<u>Public Safety Building</u>	<u>Total</u>
REVENUES			
Property taxes	\$	\$ 294,687	\$ 294,687
Interest income		12	12
Rental income	<u>277,065</u>		<u>277,065</u>
Total revenues	<u>277,065</u>	<u>294,699</u>	<u>571,764</u>
EXPENDITURES			
Building overhead		20,119	20,119
Loan - principal	145,000	175,000	320,000
Loan - interest	<u>132,065</u>	<u>124,500</u>	<u>256,565</u>
Total expenditures	<u>277,065</u>	<u>319,619</u>	<u>596,684</u>
Net changes in fund balances		(24,920)	(24,920)
FUND BALANCE, JULY 1, 2009	<u></u>	<u>77,397</u>	<u>77,397</u>
FUND BALANCE, JUNE 30, 2010	<u><u>\$</u></u>	<u><u>\$ 52,477</u></u>	<u><u>\$ 52,477</u></u>

INDIVIDUAL FUNDS

GENERAL
FUND

NORTHFIELD TOWNSHIP
GENERAL FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and investments	\$ 950,621
Taxes receivable	45,911
State shared revenue receivable	87,553
Accounts receivable - lien	35,854
Accounts receivable - other	31,115
Due from other funds	11,568
Prepaid expenditures	24,858
Land contract receivable - Northfield Township Area Library	<u>54,642</u>
Total assets	<u><u>\$ 1,242,122</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 154,442	
Accrued compensated absences	5,455	
Due to others	5,230	
Due to other funds	<u>1,133</u>	
Total liabilities		\$ 166,260

FUND BALANCE

Reserved for long-term receivables	90,496	
Reserved for prepaid items	24,858	
Unreserved	<u>960,508</u>	
Total fund balance		<u>1,075,862</u>
Total liabilities and fund balance		<u><u>\$ 1,242,122</u></u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 271,900	\$ 275,052	\$ 3,152
Licenses and permits		25	25
State shared revenues	500,000	524,171	24,171
Charges for services	352,150	363,885	11,735
Interest	20,000	8,887	(11,113)
Miscellaneous revenue	12,050	12,073	23
Total revenues	1,156,100	1,184,093	27,993
EXPENDITURES			
Township board	29,685	25,984	3,701
Supervisor	57,657	56,185	1,472
Elections	2,850	2,718	132
Clerk	96,160	95,654	506
Board of review	15,240	14,587	653
Treasurer	112,951	108,745	4,206
Assessor	177,623	170,506	7,117
Township hall and grounds	150,604	134,995	15,609
Zoning and planning departments	71,983	78,356	(6,373)
Professional fees	207,010	286,284	(79,274)
Downtown Development Authority	2,200	1,207	993
Human services contract	3,600	3,600	
Roads	64,700	52,325	12,375
Street lights	18,500	21,187	(2,687)
Capital outlay	52,350	54,259	(1,909)
Clean up and recycling	3,300	4,626	(1,326)
Rent - PSB	92,355	92,355	
Senior Center	129,341	126,944	2,397
Total expenditures	1,288,109	1,330,517	(42,408)
Excess of revenues over (under) expenditures	(132,009)	(146,424)	(14,415)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets		1,640	1,640
Transfers (out)	(47,000)	(47,000)	
Total other financing sources (uses)	(47,000)	(45,360)	1,640
Net change in fund balance	(179,009)	(191,784)	(12,775)
FUND BALANCE, JULY 1, 2009	1,267,646	1,267,646	
FUND BALANCE, JUNE 30, 2010	\$ 1,088,637	\$ 1,075,862	\$ (12,775)

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES	<u>\$ 271,900</u>	<u>\$ 275,052</u>	<u>\$ 3,152</u>
LICENSES AND PERMITS	<u></u>	<u>25</u>	<u>25</u>
STATE SHARED REVENUES	<u>500,000</u>	<u>524,171</u>	<u>24,171</u>
CHARGES FOR SERVICES			
Elections		2,620	
Tax administration fees		143,871	
Sewer/library administration		38,600	
Cablevision franchise fees		98,176	
Fiber footage fees		10,137	
Clean up		654	
Zoning fees		7,650	
Site plan reviews		1,650	
Split applications		200	
Mobile home park fees		3,428	
Summer tax collection fees		13,030	
Duplicating		231	
Senior citizens		43,638	
Total charges for services	<u>352,150</u>	<u>363,885</u>	<u>11,735</u>
INTEREST	<u>20,000</u>	<u>8,887</u>	<u>(11,113)</u>
MISCELLANEOUS REVENUE			
Donations		1,200	
Other reimbursement		7,273	
Rental income		3,600	
Total miscellaneous revenue	<u>12,050</u>	<u>12,073</u>	<u>23</u>
Total revenues	<u>\$ 1,156,100</u>	<u>\$ 1,184,093</u>	<u>\$ 27,993</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Fees	\$	\$ 10,375	\$
Payroll taxes		794	
Insurance		460	
Pension		471	
Membership and dues		10,013	
Printing and publishing		3,486	
Miscellaneous		385	
Total township board	29,685	25,984	3,701
SUPERVISOR			
Supervisor's salary		39,934	
Payroll taxes		2,469	
Insurance - benefits		5,944	
Pension		3,993	
Dues and subscriptions		35	
Communication		1,553	
Training and development		1,162	
Transportation		1,095	
Total supervisor	57,657	56,185	1,472
ELECTIONS			
Fees		1,673	
Office supplies		534	
Printing and postage		511	
Total elections	2,850	2,718	132
CLERK			
Clerk's salary		39,364	
Deputy clerk's salary		16,526	
Payroll taxes		8,368	
Insurance - benefits		2,079	
Pension		3,936	
Controller		52,000	
Recording secretary		3,260	
Transportation		524	
Training and development		797	
Personnel allocation		(31,200)	
Total clerk	96,160	95,654	506

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF REVIEW			
Fees		1,674	
Payroll taxes		128	
Tax tribunal and drains		11,971	
Printing and publication		814	
Total board of review	<u>15,240</u>	<u>14,587</u>	<u>653</u>
TREASURER			
Treasurer's salary		40,364	
Deputy salaries		36,567	
Payroll taxes		5,885	
Insurance - benefits		11,883	
Pension		7,537	
Legal fees		6,974	
Tax roll preparation		1,346	
Transportation		237	
Dues and subscriptions		100	
Training and development		1,000	
Postage		3,719	
Miscellaneous		5,383	
Personnel allocation		(12,250)	
Total treasurer	<u>112,951</u>	<u>108,745</u>	<u>4,206</u>
ASSESSOR			
Salaries		73,933	
Payroll taxes		5,479	
Insurance - benefits		6,525	
Pension		5,866	
Supplies		15	
Membership dues		375	
Contracted services		75,915	
Transportation		276	
Postage		2,122	
Total assessor	<u>177,623</u>	<u>170,506</u>	<u>7,117</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP HALL AND GROUNDS			
Salaries		6,320	
Payroll taxes		483	
Unemployment		9,412	
Insurance - benefits		2,311	
Insurance - general liability		31,147	
PSB allocation		39,242	
Janitor fees		2,255	
Office supplies		9,885	
Telephone		3,920	
Postage		2,846	
Utilities		4,884	
Repairs and maintenance		16,267	
Tax chargebacks		722	
Equipment rental		5,207	
Miscellaneous		94	
	<u>150,604</u>	<u>134,995</u>	<u>15,609</u>
 ZONING AND PLANNING DEPARTMENTS			
Salaries - recording secretary		3,330	
Zoning administrator		5,183	
Payroll taxes		1,232	
Department allocation		6,125	
Planning commission fees		11,800	
Board of appeals fees		4,300	
Postage		100	
Printing and publications		1,074	
Planning consultant		31,805	
Code enforcement		9,462	
Legal fees		3,180	
Training and development		765	
	<u>71,983</u>	<u>78,356</u>	<u>(6,373)</u>
 PROFESSIONAL FEES			
Audit		4,152	
Engineer		14,198	
Other fees		3,981	
Legal		307,235	
Department allocation		(43,282)	
	<u>207,010</u>	<u>286,284</u>	<u>(79,274)</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
DOWNTOWN DEVELOPMENT AUTHORITY	2,200	1,207	993
HUMAN SERVICES CONTRACT	3,600	3,600	
ROADS	64,700	52,325	12,375
STREET LIGHTS	18,500	21,187	(2,687)
CAPITAL OUTLAY	52,350	54,259	(1,909)
CLEAN UP AND RECYCLING	3,300	4,626	(1,326)
RENT - PSB	92,355	92,355	
SENIOR CENTER			
Salaries		44,371	
Payroll taxes		3,394	
Insurance - benefits		15,998	
Pension		3,512	
Programs		34,832	
Janitorial service		6,490	
Supplies		1,908	
Dues		220	
Telephone		1,031	
Postage		588	
Transportation		603	
Printing		651	
Insurance - general liability		3,187	
Utilities		4,141	
Repair and maintenance		5,631	
Training		387	
Total senior center	129,341	126,944	2,397
Total expenditures	\$ 1,288,109	\$ 1,330,517	\$ (42,408)

BUILDING
DEPARTMENT
FUND

NORTHFIELD TOWNSHIP
BUILDING DEPARTMENT FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and cash equivalents

\$ 12,216

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 1,357

Accrued compensated absences

7,510

Total liabilities

\$ 8,867

FUND BALANCE

Unreserved

3,349

Total liabilities and fund balance

\$ 12,216

NORTHFIELD TOWNSHIP
BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Building permit fees	\$	\$ 31,144	\$
Contractor's registration		735	
Interest income		2	
	<u>45,600</u>	<u>31,881</u>	<u>(13,719)</u>
Total revenues			
EXPENDITURES			
Salaries		798	
Inspections		15,491	
Other professional services		2,600	
Supplies		12	
Audit fees		1,038	
Telephone		397	
Insurance - general and bonds		1,620	
Repairs and maintenance		590	
Personnel allocation		6,125	
	<u>40,343</u>	<u>28,671</u>	<u>11,672</u>
Total expenditures			
Excess of revenues over (under) expenditures	5,257	3,210	(2,047)
OTHER FINANCINGS SOURCES (USES)			
Transfers in	<u>12,000</u>	<u>12,000</u>	
Net change in fund balance	17,257	15,210	(2,047)
FUND BALANCE (DEFICIT), JULY 1, 2009	<u>(11,861)</u>	<u>(11,861)</u>	
FUND BALANCE, JUNE 30, 2010	<u>\$ 5,396</u>	<u>\$ 3,349</u>	<u>\$ (2,047)</u>

FIRE FUND

NORTHFIELD TOWNSHIP
FIRE FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and cash equivalents	\$ 313,066
Accounts receivable	14,217
Taxes	70,864
Due from other funds	7,093
Prepaid expenditures	<u>1,396</u>
Total assets	<u><u>\$ 406,636</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 16,131	
Accrued compensated absences	<u>7,959</u>	
Total liabilities		\$ 24,090

FUND BALANCE

Reserved for prepaid items	1,396	
Unreserved	<u>381,150</u>	
Total fund balance		<u>382,546</u>
Total liabilities and fund balance		<u><u>\$ 406,636</u></u>

NORTHFIELD TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 660,074	\$
Charges for services		13,138	
Grants		54,964	
Interest		160	
Insurance reimbursement		4,178	
		<u>731,590</u>	
Total revenues	<u>731,590</u>	<u>732,514</u>	<u>924</u>
EXPENDITURES			
Salaries		281,844	
Payroll taxes		21,468	
Hospitalization		15,149	
Life insurance		885	
Pension		7,031	
Uniforms		8,234	
Accounting services		7,800	
Audit fees		3,114	
Transportation		7,828	
Training and development		3,436	
Legal fees		2,106	
Membership fees		1,110	
Contractual services		2,927	
Dispatch services		10,347	
Telephone		5,766	
Supplies		9,249	
Insurance and bonds		44,957	
Office overhead		57,861	
PSB lease		92,355	
Printing and postage		166	
Utilities		7,500	
Repairs and maintenance		21,863	
Debt - principal		59,431	
Debt - interest		14,861	
DDA		2,903	
Tribunals/drains		2,605	
Grant		54,964	
Capital outlay		6,616	
Personnel allocation		(6,000)	
		<u>797,010</u>	
Total expenditures	<u>797,010</u>	<u>748,376</u>	<u>48,634</u>
Excess of revenues over (under) expenditures	(65,420)	(15,862)	49,558
OTHER FINANCING SOURCES			
Transfers in	<u>35,000</u>	<u>35,000</u>	
Net change in fund balance	(30,420)	19,138	49,558
FUND BALANCE, JULY 1, 2009	<u>363,408</u>	<u>363,408</u>	
FUND BALANCE, JUNE 30, 2010	<u>\$ 332,988</u>	<u>\$ 382,546</u>	<u>\$ 49,558</u>

FIRE TRUCK
FUND

NORTHFIELD TOWNSHIP
FIRE TRUCK FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash	\$ 822
Taxes receivable	<u>1,141</u>
Total assets	<u>\$ 1,963</u>

FUND BALANCE

FUND BALANCE	<u>\$ 1,963</u>
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NORTHFIELD TOWNSHIP
FIRE TRUCK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 13	\$
Interest		42	
	<u>301</u>	<u>55</u>	<u>(246)</u>
EXPENDITURES			
Loan - principal		98,957	
Loan - interest		5,096	
Miscellaneous		609	
	<u>104,157</u>	<u>104,662</u>	<u>(505)</u>
Total expenditures			
	<u>104,157</u>	<u>104,662</u>	<u>(505)</u>
Net change in fund balance	(103,856)	(104,607)	(751)
FUND BALANCE, JULY 1, 2009	<u>106,570</u>	<u>106,570</u>	
FUND BALANCE, JUNE 30, 2010	<u>\$ 2,714</u>	<u>\$ 1,963</u>	<u>\$ (751)</u>

LAW
ENFORCEMENT
FUND

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and cash investments	\$ 85,082
Accounts receivable	5,083
Taxes receivable	159,439
Due from other funds	14,153
Prepaid expenditures	<u>33,104</u>
 Total assets	 <u><u>\$ 296,861</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 12,418
Accrued compensated absences	<u>118,055</u>
 Total liabilities	 \$ 130,473

FUND BALANCE

Reserved for prepaid items	33,104
Unreserved	<u>133,284</u>
 Total fund balance	 <u>166,388</u>
 Total liabilities and fund balance	 <u><u>\$ 296,861</u></u>

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 1,475,888	\$
Fines and court fees		44,694	
Traffic tickets and impound fees		3,425	
Liquor law license fees		2,575	
Interest		57	
Rental income		6,000	
Charges for services		27,879	
	<u>1,552,850</u>	<u>1,560,518</u>	<u>7,668</u>
EXPENDITURES	<u>1,656,390</u>	<u>1,606,918</u>	<u>49,472</u>
Excess of revenues over (under) expenditures	(103,540)	(46,400)	57,140
OTHER FINANCING SOURCES (USES)			
Lease proceeds	35,696	32,583	(3,113)
Sale of capital assets	4,000	3,790	(210)
Transfers in	5,200	5,200	
	<u>44,896</u>	<u>41,573</u>	<u>(3,323)</u>
Total other financings sources (uses)	<u>44,896</u>	<u>41,573</u>	<u>(3,323)</u>
Net change in fund balance	(58,644)	(4,827)	53,817
FUND BALANCE, JULY 1, 2009	<u>171,215</u>	<u>171,215</u>	
FUND BALANCE, JUNE 30, 2010	<u>\$ 112,571</u>	<u>\$ 166,388</u>	<u>\$ 53,817</u>

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Salaries	\$	\$ 790,515	\$
Payroll taxes		59,959	
Life insurance		8,744	
Unemployment		7,240	
Professional fees		42,789	
Pension		63,328	
Insurance - health		181,765	
Accountant		7,800	
Uniforms and gear		8,612	
Membership dues		1,141	
Printing and postage		1,483	
Transportation		23,748	
Insurance and bonds		55,899	
Repairs and maintenance		18,348	
Tax tribunals/drains		1,888	
Telephone		18,081	
Supplies		5,564	
Training and development		3,368	
Downtown Development Authority		6,491	
Office overhead		57,861	
PSB lease		92,355	
Equipment rental		1,255	
Contractual services		18,747	
Dispatch services		52,789	
Capital outlay		53,386	
Personnel allocation		6,000	
Debt service - principal		16,436	
Debt service - interest		1,326	
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 1,656,390</u>	<u>\$ 1,606,918</u>	<u>\$ 49,472</u>

NARCOTICS
FUND

NORTHFIELD TOWNSHIP
NARCOTICS FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and cash equivalents

\$ 29,563

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 8

FUND BALANCE

29,555

Total liabilities and fund balance

\$ 29,563

NORTHFIELD TOWNSHIP
NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Forfeitures	<u>\$ 31,550</u>	<u>\$ 29,897</u>	<u>\$ (1,653)</u>
EXPENDITURES			
Public safety projects		2,415	
Capital outlay		<u>9,200</u>	
Total expenditures	<u>12,350</u>	<u>11,615</u>	<u>735</u>
Excess of revenues over (under) expenditures	19,200	18,282	(918)
OTHER FINANCING (USES)			
Transfers (out)	<u>(5,200)</u>	<u>(5,200)</u>	
Net change in fund balance	14,000	13,082	(918)
FUND BALANCE, JULY 1, 2009	<u>16,473</u>	<u>16,473</u>	
FUND BALANCE, JUNE 30, 2010	<u><u>\$ 30,473</u></u>	<u><u>\$ 29,555</u></u>	<u><u>\$ (918)</u></u>

DOWNTOWN DEVELOPMENT
AUTHORITY
FUND

NORTHFIELD TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and cash equivalents

\$ 127,038

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 1,021

FUND BALANCE

126,017

Total liabilities and fund balance

\$ 127,038

NORTHFIELD TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 26,518	\$
Interest		71	
	<u>61,500</u>	<u>26,589</u>	<u>(34,911)</u>
Total revenues			
EXPENDITURES			
Streetlights		10,826	
Streetscape project		7,965	
Professional fees		5,593	
Rent		6,000	
	<u>61,170</u>	<u>30,384</u>	<u>30,786</u>
Total expenditures			
Net change in fund balance	330	(3,795)	(4,125)
FUND BALANCE, JULY 1, 2009	<u>129,812</u>	<u>129,812</u>	
FUND BALANCE, JUNE 30, 2010	<u>\$ 130,142</u>	<u>\$ 126,017</u>	<u>\$ (4,125)</u>

BUILDING AUTHORITY
DEBT SERVICE FUND

NORTHFIELD TOWNSHIP
BUILDING AUTHORITY DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Rental income	<u>\$ 277,065</u>	<u>\$ 277,065</u>	<u>\$</u>
EXPENDITURES			
Debt service			
Principal		145,000	
Interest/fees		<u>132,065</u>	
Total expenditures	<u>277,065</u>	<u>277,065</u>	
Net change in fund balance			
FUND BALANCE, JULY 1, 2009	<u></u>	<u></u>	<u></u>
FUND BALANCE, JUNE 30, 2010	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

PUBLIC SAFETY BUILDING
DEBT SERVICE FUND

NORTHFIELD TOWNSHIP
PUBLIC SAFETY BUILDING DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and cash equivalents	\$ 27,280
Taxes receivable	31,922
Due from other funds	<u>2,876</u>
Total assets	<u><u>\$ 62,078</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 9,601
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FUND BALANCE

Total liabilities and fund balance	<u><u>\$ 62,078</u></u>
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NORTHFIELD TOWNSHIP
PUBLIC SAFETY BUILDING DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	
Property taxes	\$ 294,687
Interest income	<u>12</u>
Total revenues	<u>294,699</u>
EXPENDITURES	
Professional fees	200
Supplies	697
Cleaning services	6,395
Contracted services	8,260
Telephone	2,540
Insurance	19,438
Utilities	108,030
Repairs and maintenance	27,768
Tax chargebacks	1,754
Bond - principal	175,000
Bond - interest	124,200
Bond - agent fees	300
Overhead allocation	<u>(154,963)</u>
Total expenditures	<u>319,619</u>
Net change in fund balance	(24,920)
FUND BALANCE, JULY 1, 2009	<u>77,397</u>
FUND BALANCE, JUNE 30, 2010	<u><u>\$ 52,477</u></u>

SEWAGE DISPOSAL
SYSTEM
FUND

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

CURRENT ASSETS

Cash, cash equivalents and investments	\$ 1,073,870	
Sewer billings receivable	342,988	
Interest receivable	12,806	
Due from other funds	3,223	
Prepaid expenses	<u>5,337</u>	
Total current assets		\$ 1,438,224

RESTRICTED ASSETS

Cash, cash equivalents and investments capital and debt	1,400,678	
Special assessments receivable	<u>1,944,118</u>	
Total restricted assets		3,344,796

PLANT, PROPERTY AND EQUIPMENT

Land	226,918	
Plant	2,229,393	
Plant expansion	11,332,596	
Equipment	<u>793,254</u>	
	14,582,161	
Less: accumulated depreciation	<u>(4,539,743)</u>	
Net plant, property, and equipment		<u>10,042,418</u>
Total assets		<u><u>\$ 14,825,438</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 27,359	
Accrued compensated absences	28,290	
Bonds payable - current portion	<u>545,000</u>	
Total current liabilities		\$ 600,649

LONG-TERM LIABILITIES

Net other post-employment benefit liability	306,920	
Bonds payable - less current portion	<u>3,950,000</u>	
Total long-term liabilities		<u>4,256,920</u>
Total liabilities		4,857,569

NET ASSETS

Total liabilities and fund equity		<u><u>9,967,869</u></u>
		<u><u>\$ 14,825,438</u></u>

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES

User charges \$ 1,245,928

OPERATING EXPENSES

Salaries and wages	\$ 274,394
Payroll taxes	20,916
Hospitalization	59,115
Post-employment health insurance	18,765
Life insurance	3,799
Pension	24,949
Training and development	1,235
Testing	7,329
Operating supplies	56,731
Uniforms	5,231
Professional services	26,063
Membership and dues	2,292
Contracted services	41,919
Administration fees	35,000
Telephone	4,229
Transportation	3,461
Printing and postage	5,482
Insurance and bonds	30,916
Utilities	143,596
Repairs and maintenance	105,299
Miscellaneous	1,127
Depreciation	338,393

Total operating expenses		<u>1,210,241</u>
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Operating income		35,687
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NON-OPERATING REVENUES AND (EXPENSES)

Other income	3,102	
Interest income - cash and equivalents	88,367	
Interest - special assessments	126,587	
Interest expense	(212,599)	
Bond fees	(875)	

Total non-operating revenues and (expenses)		<u>4,582</u>
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Net (loss) before capital contributions		40,269
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CAPITAL CONTRIBUTIONS

Connection fees		<u>7,100</u>
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Change in net assets		47,369
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NET ASSETS, JULY 1, 2009		10,208,655
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PRIOR PERIOD ADJUSTMENT		<u>(288,155)</u>
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NET ASSETS, JUNE 30, 2010		<u><u>\$ 9,967,869</u></u>
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NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income		\$ 35,687
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities		
Depreciation	\$ 338,393	
Other income	3,102	
Changes in assets and liabilities		
Decrease in sewer billings receivable	37,891	
Decrease in due from other funds	2,697	
(Increase) in prepaid expenses	(1,130)	
Increase in accounts payable/accrued compensated absences	1,968	
Increase in post-employment benefit liability	<u>18,765</u>	
Total adjustments		<u>401,686</u>
Net cash provided by operating activities		437,373

CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED
FINANCING ACTIVITIES

Special assessments received	310,135	
Interest paid on long-term bonds	(212,599)	
Bond fees	(875)	
Repayment of principal on bonds	<u>(540,000)</u>	
Net cash (used in) capital and related financing activities		(443,339)

CASH FLOWS (USED IN) BY INVESTING ACTIVITIES

Interest on cash and cash equivalents	75,561	
Purchases of investments	<u>(189,443)</u>	
Net cash (used in) investing activities		<u>(113,882)</u>
Net decrease in cash and cash equivalents		(119,848)

CASH AND CASH EQUIVALENTS AT JULY 1, 2009	<u>929,910</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2010	<u><u>\$ 810,062</u></u>

CURRENT
TAX
COLLECTION
FUND

NORTHFIELD TOWNSHIP
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and investments	\$ 105,139
Due from other funds	5,522
Due from others	<u>1,048</u>
Total assets	<u><u>\$ 111,709</u></u>

LIABILITIES

LIABILITIES

Due to other funds	\$ 38,913
Due to others	<u>72,796</u>
Total liabilities	<u><u>\$ 111,709</u></u>

TRUST
AND
AGENCY
FUND

NORTHFIELD TOWNSHIP
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS

ASSETS

Cash and cash equivalents	\$ 86,506
Due from other funds	<u>1,133</u>
Total assets	<u><u>\$ 87,639</u></u>

LIABILITIES

LIABILITIES

Performance deposits	\$ 87,612
Due to other funds	<u>27</u>
Total liabilities	<u><u>\$ 87,639</u></u>



PFEFFER ■ HANNIFORD ■ PALKA

Certified Public Accountants

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

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FAX (810) 229-5578**

October 29, 2010

Board of Trustees
Northfield Township
8350 Main Street
Whitmore Lake, Michigan 48189

Dear Honorable Board of Trustees:

During our audit of the Northfield Township we came across the following matter that we would like to discuss with you as part of our audit presentation for the year ending June 30, 2010.

The matter which we would like to discuss with you is as follows:

Auditing standards require us to communicate to you significant deficiencies in your internal controls and accounting procedures. There are certain issues (deficiencies) which were previously considered general comments, but under current standards are now considered significant deficiencies.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

We consider the following to be a material weakness of the Township.

- Historically, the Township has relied on independent external auditors in the preparation of their financial statements and required disclosures. The Township has determined that the cost/benefit of preparing the financial statements and disclosures are best served by continuing this practice.
- As in most small organizations, the Township has a lack of segregation of duties in its accounting department.

Northfield Township

The following are other comments relating to the Township's accounting and record keeping procedures:

1. Several transfers and reimbursements were made across funds without Township Board approval or documentation detailing how charges were determined. A budget approved by the Township Board is not sufficient to make an operating transfer, but should be done by an approved motion by the Board.
2. Some amounts being billed to sewer system users are estimated. A meter has been broken for a couple years in one circumstance, and is being billed estimated amounts based on historical usage. The Township needs to ascertain if this practice is allowable, and take steps to rectify the situation.
3. Previously, we have commented about receipts being taken offsite for various departments. In the case of the senior center, there are payments made for trips taken with no reconciliation matching up receipts for the expenditures incurred for trips.
4. The Township may wish to continue efforts to ensure all users in the utility districts are being billed.
5. The Township has implemented the requirements under GASB 45 that pertain to other post-employment benefits. This required the Township to evaluate the cost of providing post-retirement benefits to its employees. Now that this process is complete, we encourage the Township to use these figures to ascertain the best way to provide this benefit in the future. The costs of health care benefits are uncertain, and need to be monitored closely or modified.
6. The Trust and Agency funds are not being maintained properly/regularly. There are individuals with projects in which the expenditures have exceeded escrow deposits. Un-reconciled balances have remained from previous years, and have not been addressed. This fund needs to be reconciled monthly and proper steps taken for irregularities.
7. Due to uncertainties in the financial markets we recommend that the Township continually evaluate and increase the insured portion of its cash and investments. The Township's investment policy may wish to be updated to remain current in these changing markets.

Northfield Township

8. During the audit process, we noted several issues with the tax collection/treasurers department process:
 - a. The Township did not settle their 2009 tax collection with the County in a timely manner. During the audit it was discovered the settlement that was agreed upon was incorrect. At the time of this writing, the Township has not paid out the final taxes to be distributed, which according to statute was due no later than April 1.
 - b. It was noted during the audit process that taxes were not being distributed according to the statutory ten (10) business days.
 - c. There was a significant amount of delinquent personal taxes collected undistributed in the Trust and Agency Fund.
 - d. Special assessment monies collected were not reconciled to the general ledger and should be accounted for regularly as the money is to be used to pay back bonded debt.
 - e. The amount captured on the tax roll for the Downtown Development Authority was incorrect on the settlement with the County and had to be refigured. It appears the Downtown Development Authority owes some of the money distributed back.
 - f. The agreement with school districts to have the township collect summer taxes on their behalf states they will pay a fee for that service. The Township has not billed for that fee the last two (2) collection periods.
 - g. There were numerous reconciling items that needed resolution from the treasurer's office which never occurred.
9. The Township has several checks that have been outstanding for over a year. These amounts should be either reissued or escheated to the State of Michigan.
10. Payments are being made for energy for the Township by automatic electronic withdrawal. We recommend the Township implements an ACH policy allowing this practice.
11. Not all timesheets for payroll were being approved by the proper supervisor. This should be done before any payroll checks go out for any hourly employees.
12. Cash received through the Township is not always properly documented or accounted for. Different revenue centers receive cash for services or goods provided, and little or no reconciliation is due to ensure its completeness. All funds should be accounted for and reconciled if possible.

Northfield Township

13. Funds are being received at the senior center, but are not being deposited timely into the Township's bank accounts. The Township needs to ensure these funds are secured, and deposited timely.

Conclusion

Thank you for your assistance and hospitality toward our firm while conducting the audit of the Northfield Township.

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 Northfield Township 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