



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

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

Members:
AICPA Private Practice Companies Section
MACPA

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

October 20, 2011

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, 2011, 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, 2011, 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 49 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

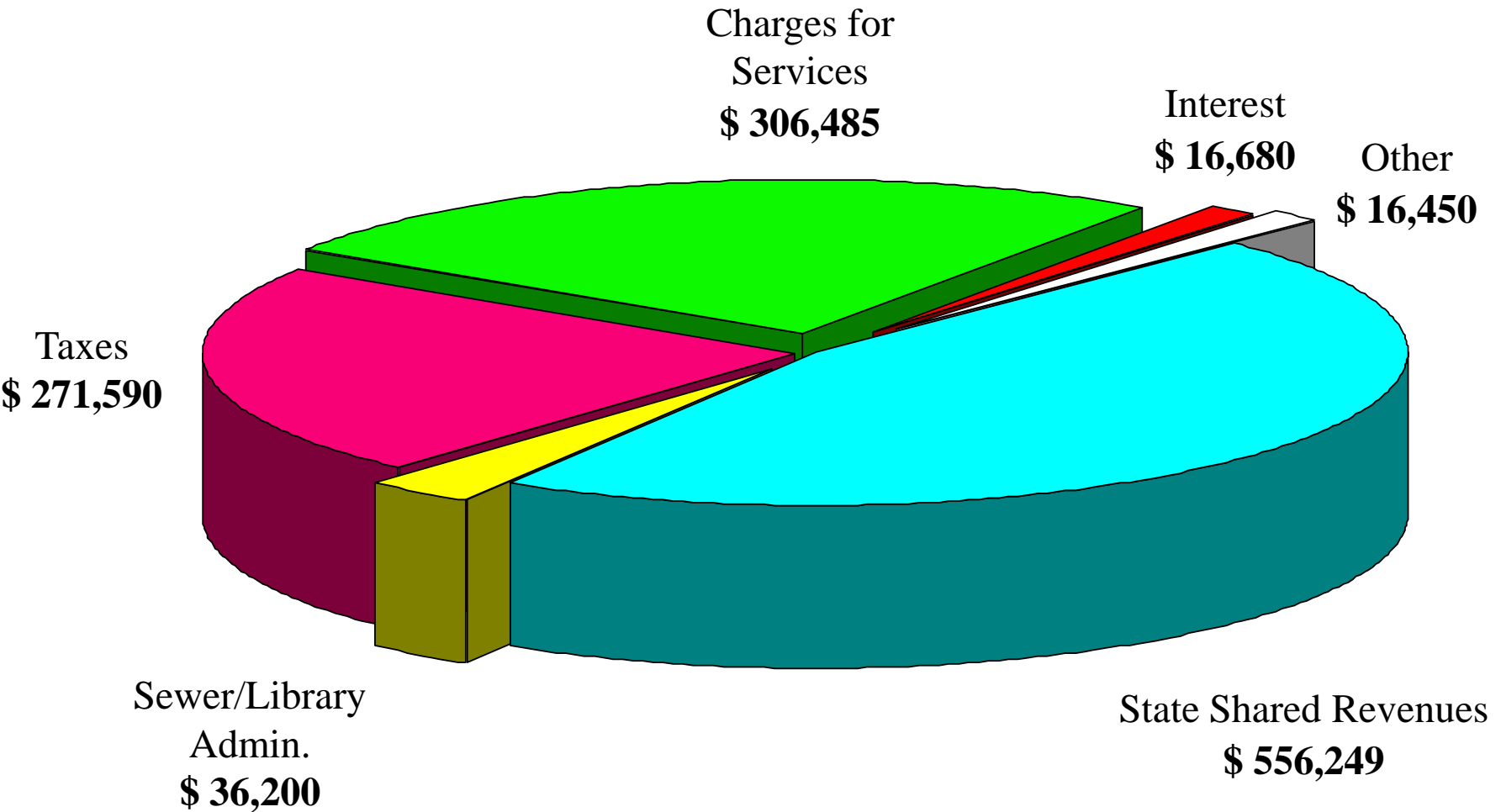
June 30, 2011



PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

BRIGHTON, MICHIGAN

**Northfield Township
General Fund Revenues
For The Year Ended June 30, 2011**

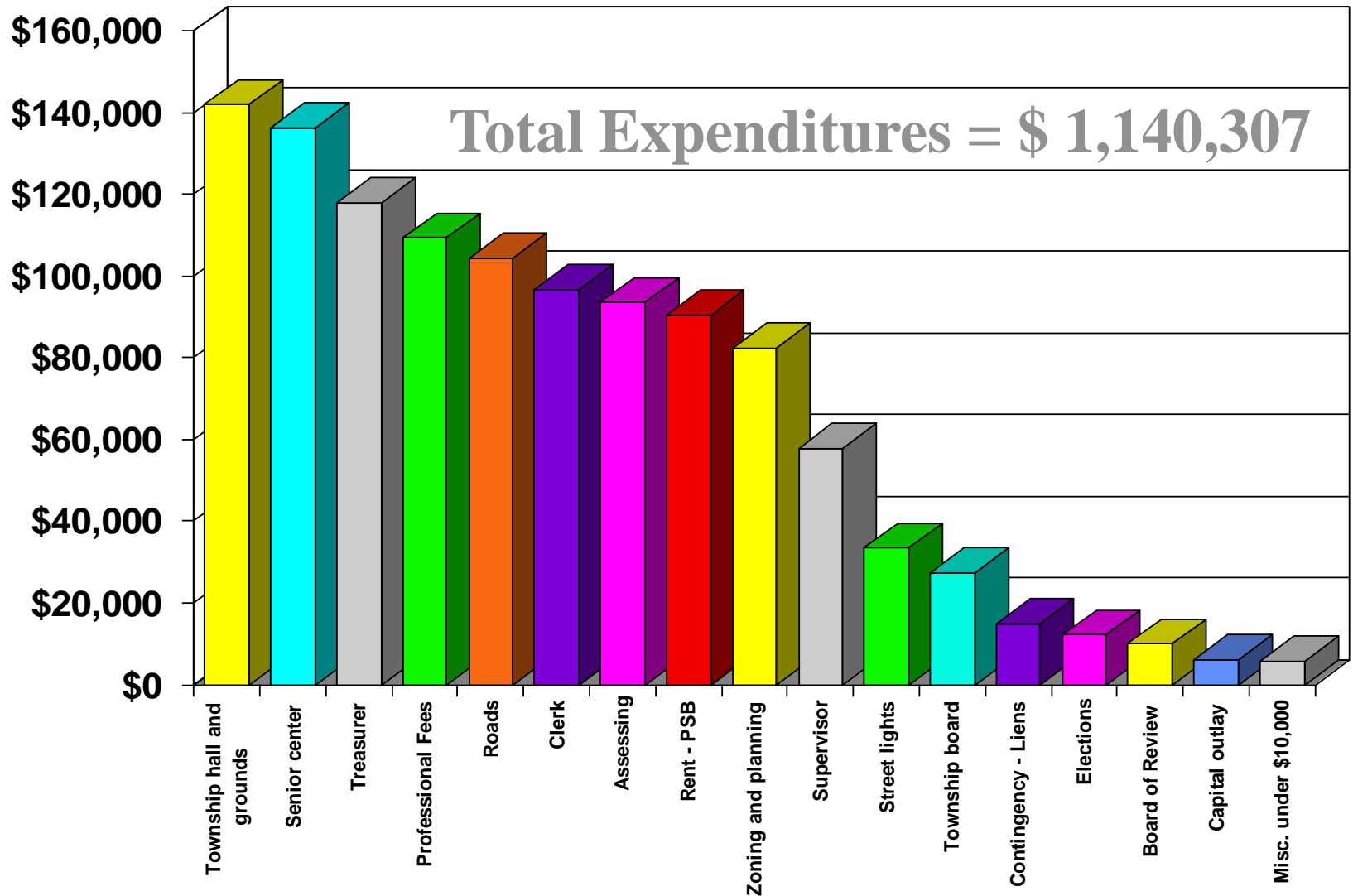


Total Revenues = \$ 1,203,654

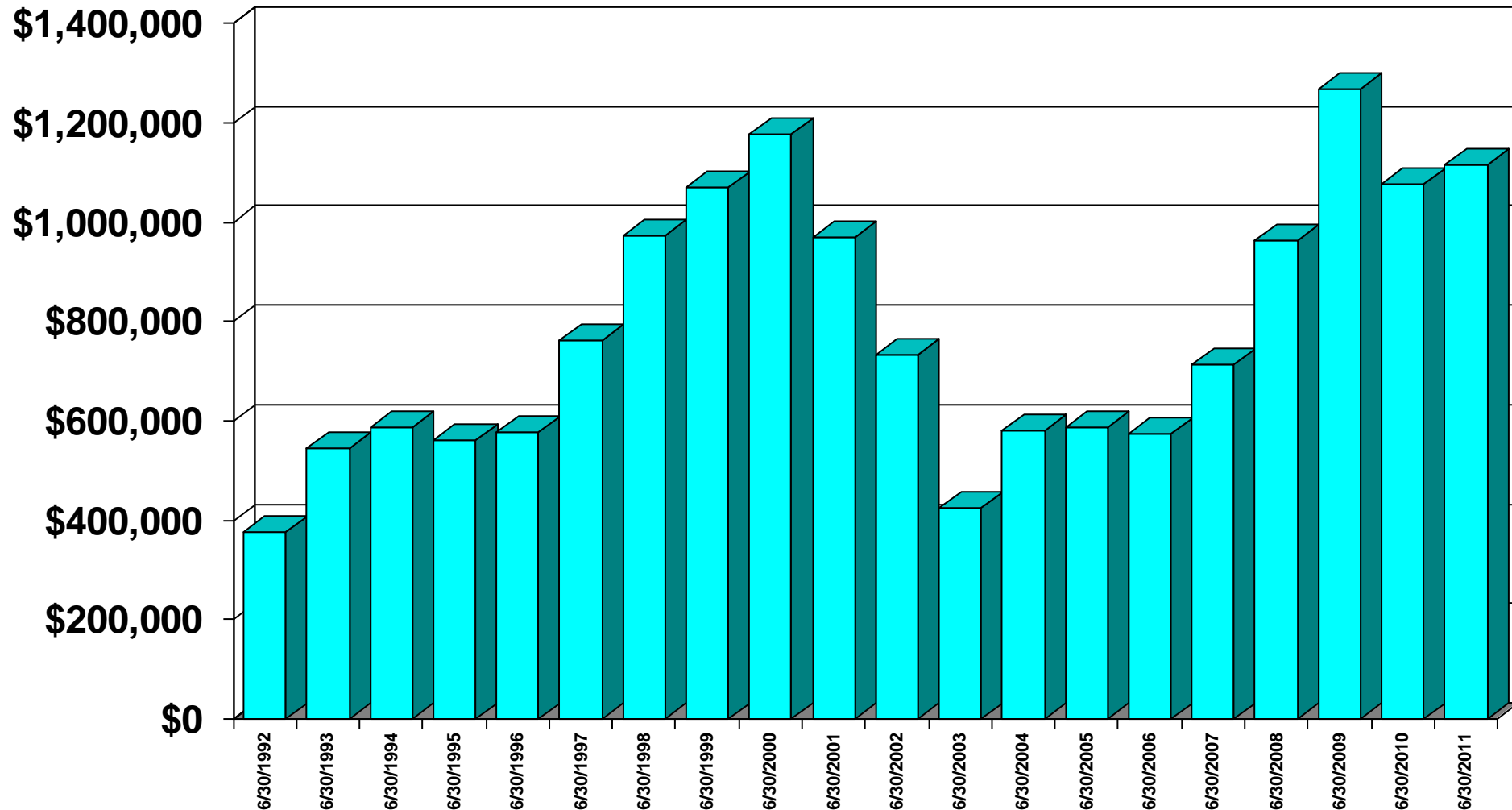
Northfield Township

General Fund Expenditures

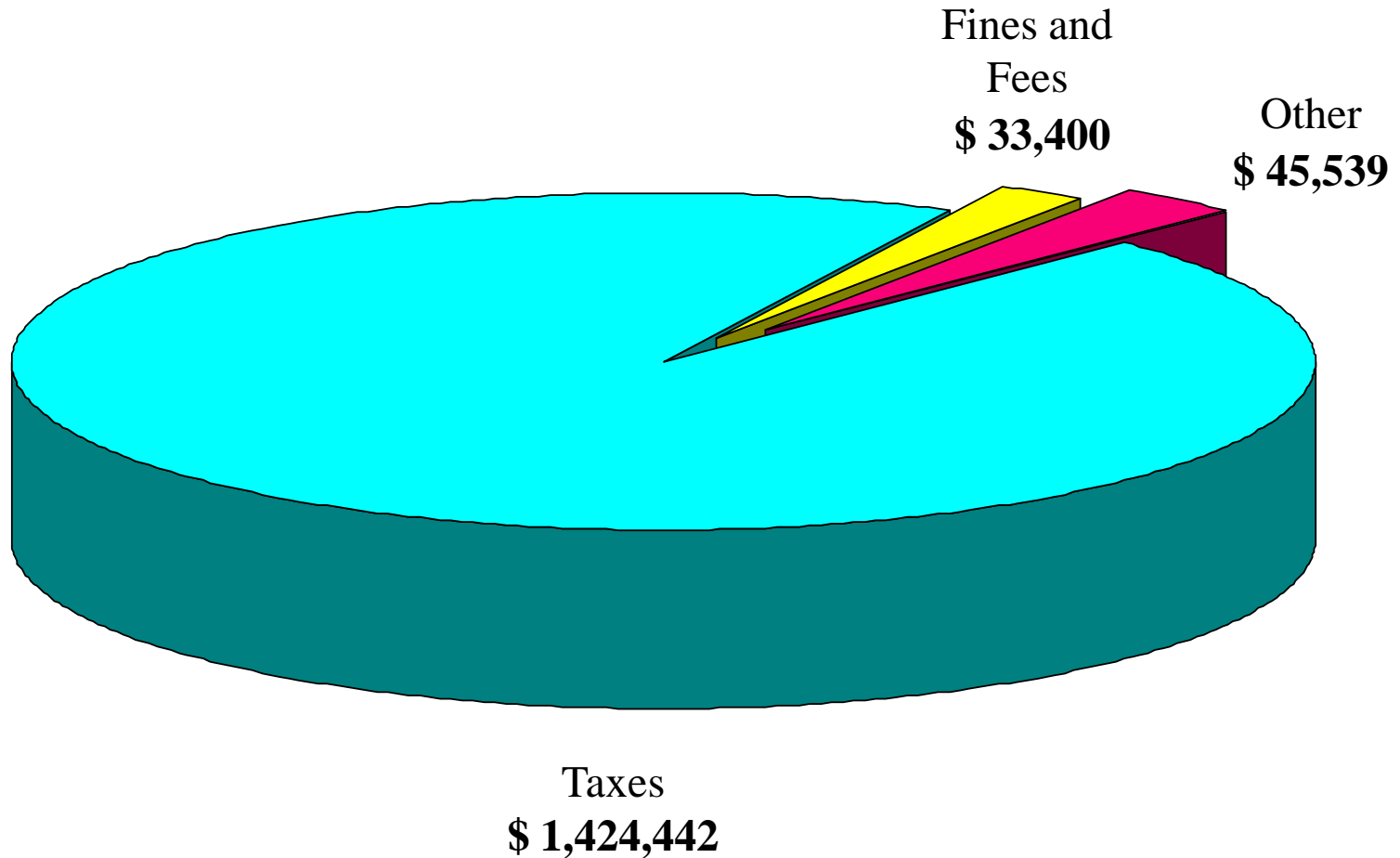
For The Year Ended June 30, 2011



Northfield Township
General Fund
Fund Balance Comparison
June 30, 1992 - June 30, 2011



Northfield Township
Law Enforcement Fund Revenues
For The Year Ended June 30, 2011

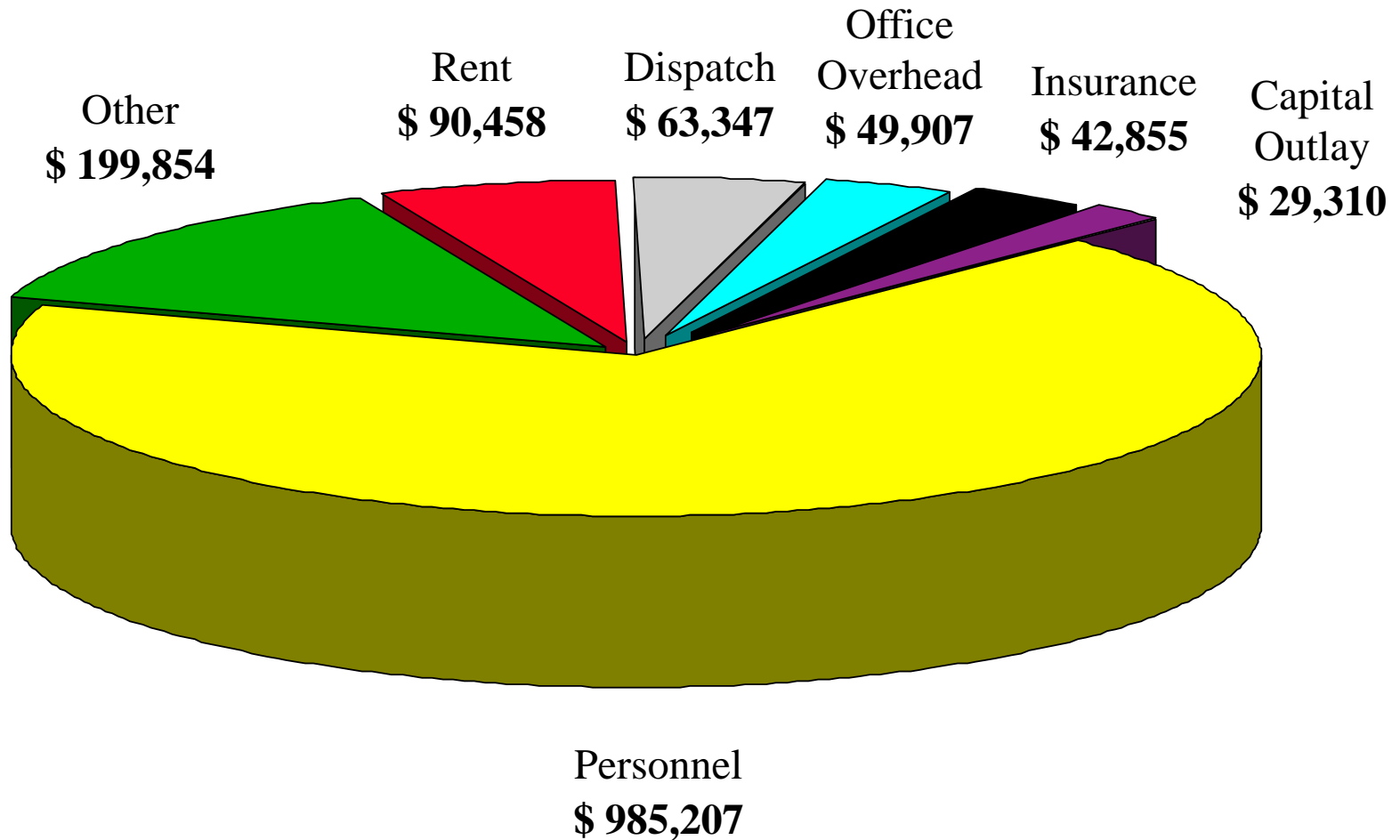


Total Revenues = \$ 1,503,381

Northfield Township

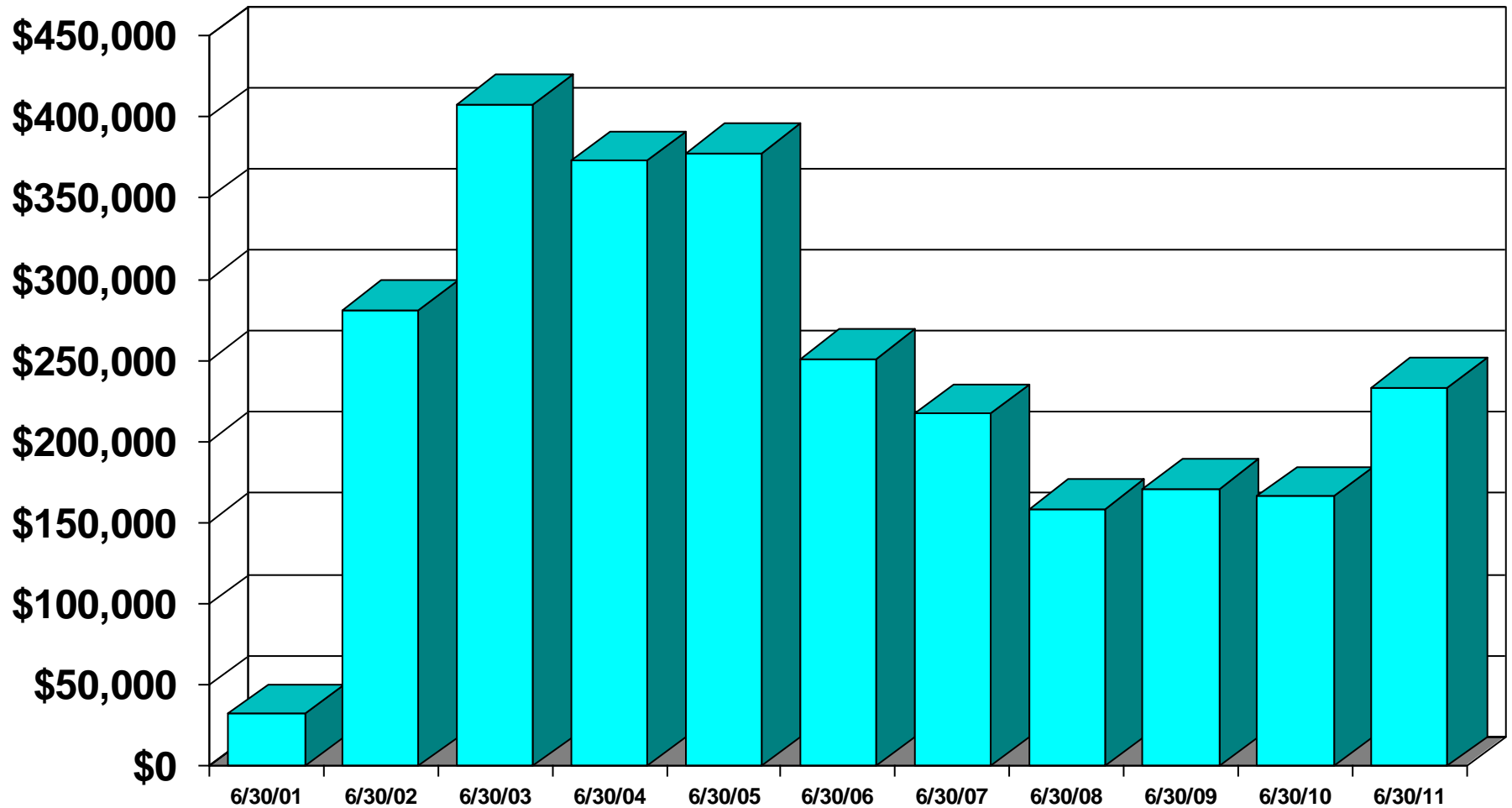
Law Enforcement Fund Expenditures

For The Year Ended June 30, 2011

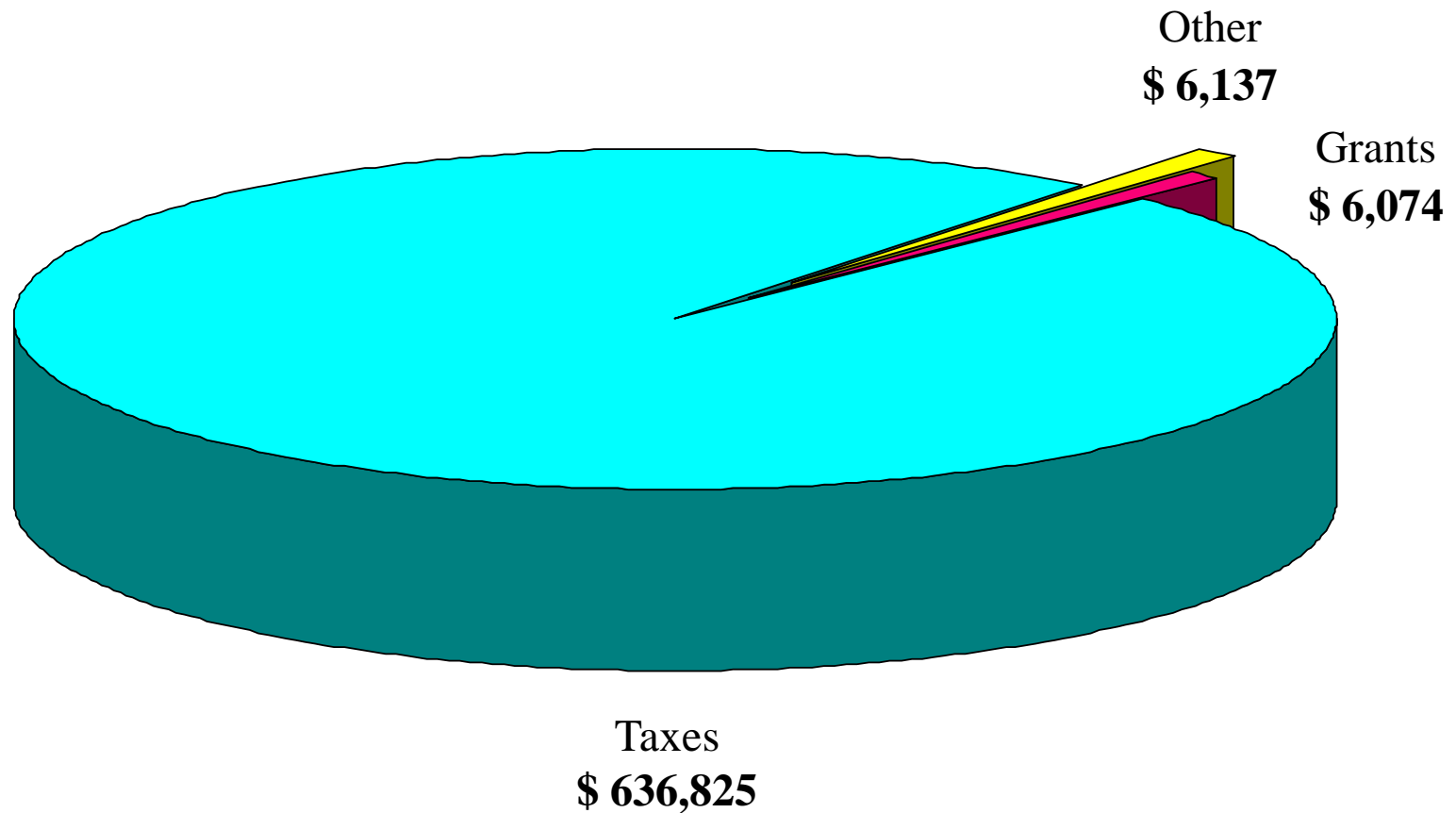


Total Expenditures = \$ 1,460,938

Northfield Township
Law Enforcement Fund
Fund Balance Comparison
June 30, 2001 - June 30, 2011

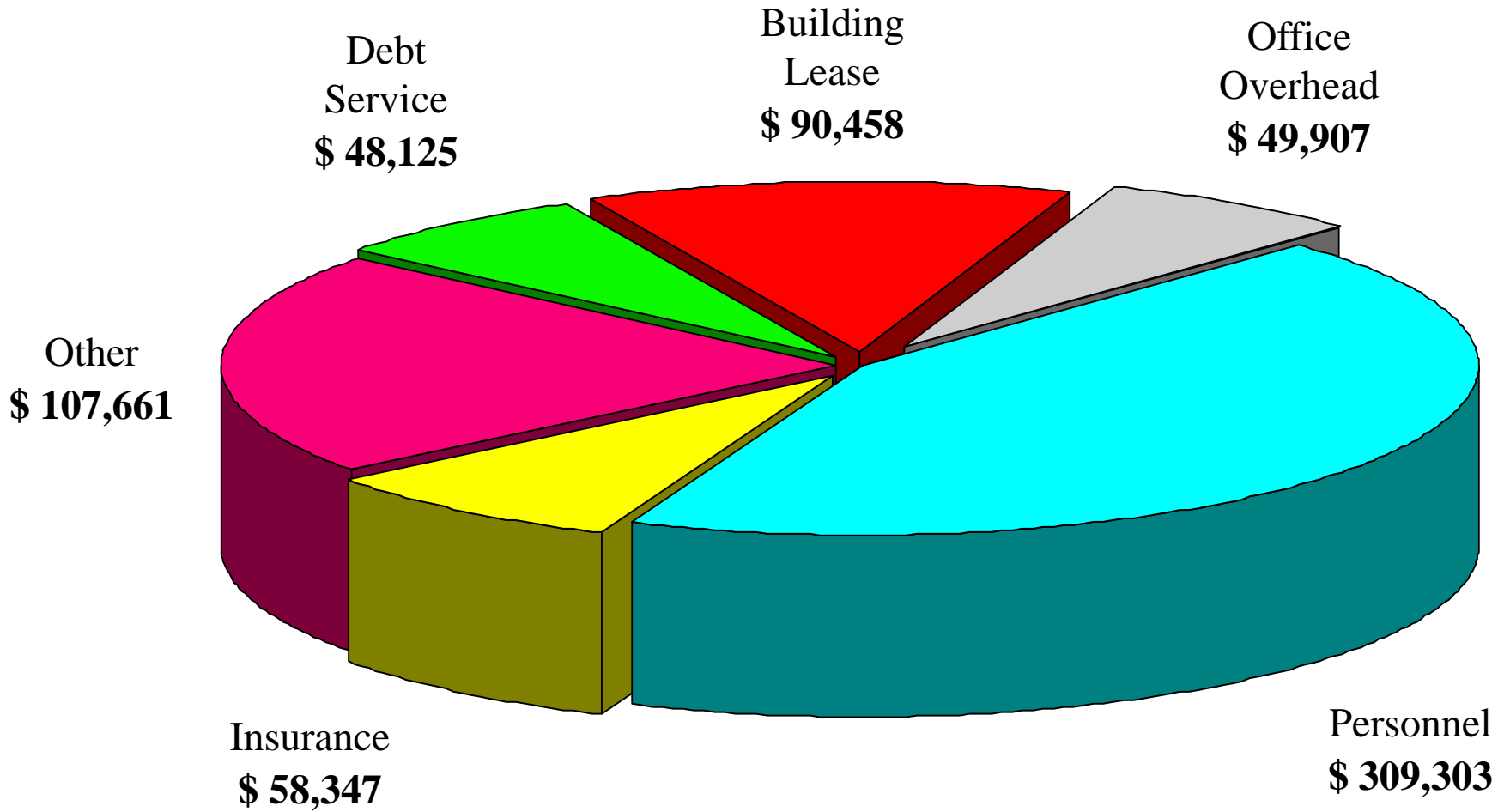


Northfield Township
Fire Fund Revenues
For The Year Ended June 30, 2011



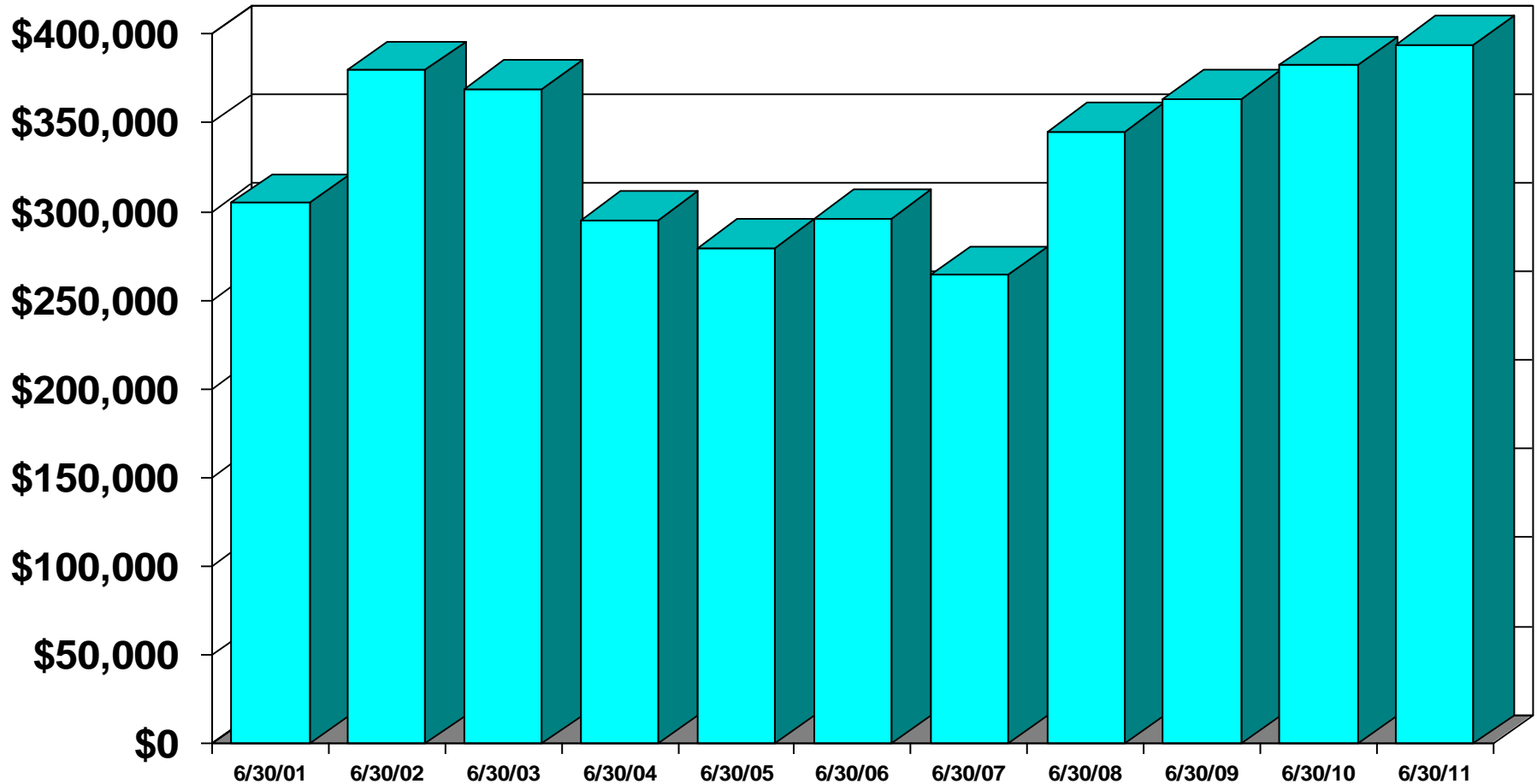
Total Revenues = \$ 649,036

**Northfield Township
Fire Fund Expenditures
For The Year Ended June 30, 2011**



Total Expenditures = \$ 663,801

Northfield Township
Fire Fund
Fund Balance Comparison
June 30, 2001 - June 30, 2011



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, 2011

NORTHFIELD TOWNSHIP

TOWNSHIP OFFICIALS

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

TOWNSHIP BOARD

Wayne Dockett
Sam Iaquinto
Shelle Manning
Mike Magda
Deb Mozurkewich
Mark Stanalajczo
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
---	----

TABLE OF CONTENTS

PAGE NUMBER

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

Combining Balance Sheet - All Special Revenue Funds	52
Combining Balance Sheet - All Agency Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Debt Service Funds	55

INDIVIDUAL FUNDS

GENERAL FUND

Balance Sheet	58
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	59
Statement of Revenues - Budget and Actual	60
Statement of Expenditures - Budget and Actual	61

BUILDING DEPARTMENT FUND

Balance Sheet	66
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	67

FIRE 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

LAW ENFORCEMENT FUND

Balance Sheet	75
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	76
Statement of Expenditures - Budget and Actual	77

TABLE OF CONTENTS

PAGE NUMBER

NARCOTICS FUND

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

FEDERAL NARCOTICS FUNDS

Balance Sheet	82
Statement of Revenues, Expenditures and Changes in Fund Balance	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, 2011

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, 2011. 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 \$14,445,594. This is a \$1,256,496 increase over last year's net assets of \$14,445,594. This large increase is primarily due to the reversal entry 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 Activities		Business-type Activities		Total	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2009
Assets						
Current and other assets	\$ 2,213,113	\$ 2,176,323	\$ 4,587,069	\$ 4,783,020	\$ 6,800,182	\$ 6,959,343
Capital assets	7,517,030	7,759,671	9,800,659	10,042,418	17,317,689	17,802,089
Total assets	<u>9,730,143</u>	<u>9,935,994</u>	<u>14,387,728</u>	<u>14,825,438</u>	<u>24,117,871</u>	<u>24,761,432</u>
Liabilities						
Other liabilities	265,468	338,166	46,621	55,649	312,089	393,815
Long-term liabilities	5,410,188	6,376,599	3,950,000	4,801,920	9,360,188	11,178,519
Total liabilities	<u>5,675,656</u>	<u>6,714,765</u>	<u>3,996,621</u>	<u>4,857,569</u>	<u>9,672,277</u>	<u>11,572,334</u>
Net assets:						
Invested in capital assets, net of debt	2,122,489	1,984,857	5,850,659	5,547,418	7,973,148	7,532,275
Restricted		27,280	3,145,690	3,344,796	3,145,690	3,372,076
Unrestricted	1,931,998	1,209,092	1,394,758	1,075,655	3,326,756	2,284,747
Total net assets	<u>\$ 4,054,487</u>	<u>\$ 3,221,229</u>	<u>\$ 10,391,107</u>	<u>\$ 9,967,869</u>	<u>\$ 14,445,594</u>	<u>\$ 13,189,098</u>

	Summary of Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Revenues:						
Program revenues:						
Charges for services	\$ 392,151	\$ 423,399	\$ 1,260,164	\$ 1,245,928	\$ 1,652,315	\$ 1,669,327
Operating grants and contributions	25,849	56,164			25,849	56,164
Capital grants and contributions			7,100	7,100	7,100	7,100
General revenues:						
State shared revenues	556,249	524,171			556,249	524,171
Property taxes	2,644,819	2,732,232			2,644,819	2,732,232
Interest	16,834	9,231	186,777	214,954	203,611	224,185
Other	360,138	392,114	8,633	3,102	368,771	395,216
Sale of capital assets	4,078	2,206			4,078	2,206
Total revenues and transfers	<u>4,000,118</u>	<u>4,139,517</u>	<u>1,462,674</u>	<u>1,471,084</u>	<u>5,462,792</u>	<u>5,610,601</u>
Expenses						
General government	904,381	1,153,751			904,381	1,153,751
Fire protection	800,101	876,858			800,101	876,858
Police protection	1,514,152	1,719,980			1,514,152	1,719,980
Senior center/recreation	143,758	134,517			143,758	134,517
Public works/roads	125,560	93,329			125,560	93,329
Interest on long-term debt	255,046	278,457			255,046	278,457
Sewer system			1,346,356	1,423,715	1,346,356	1,423,715
Total expenses	<u>3,742,998</u>	<u>4,256,892</u>	<u>1,346,356</u>	<u>1,423,715</u>	<u>5,089,354</u>	<u>5,680,607</u>
Changes in net assets before special item	257,120	(117,375)	116,318	47,369	373,438	(70,006)
Special item - post retirement health	576,138		306,920		883,058	
Changes in net assets	833,258	(117,375)	423,238	47,369	1,256,496	(70,006)
Beginning net assets	3,221,229	3,838,839	9,967,869	10,208,655	13,189,098	14,047,494
Prior period adjustments		(500,235)		(288,155)		(788,390)
Ending net assets	<u>\$ 4,054,487</u>	<u>\$ 3,221,229</u>	<u>\$ 10,391,107</u>	<u>\$ 9,967,869</u>	<u>\$ 14,445,594</u>	<u>\$ 13,189,098</u>

Financial Analysis of the Township's Funds

The Township's General Fund had revenues over expenditures totaling \$63,347. This is primarily due to significant less legal fees.

The other major governmental funds of the Township are the Law Enforcement and the Fire funds. The revenues exceeded expenditures for the Fire Fund due to high operating costs and stagnant revenues. The Law Enforcement Fund had revenues over expenditures primarily due to lower debt service and overhead.

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 were less than budgeted appropriations by \$91,155. The budget was amended during the year to account for immaterial amounts in order to bring it closer to economic reality.

Capital Asset and Debt Administration

The governmental funds purchased \$63,978 of capital assets. Acquisitions included one new police cruiser and project costs incurred on the Barker Path.

The governmental funds issued no new debt during the year while retiring \$390,273 of previously outstanding debt. Total debt of \$5,410,188 was outstanding as of June 30, 2011.

The business-type fund issued no new debt during the year, but has retired \$545,000 of previously existing debt. Total debt of \$3,950,000 was outstanding as of June 30, 2011.

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

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>ASSETS</u>			
ASSETS			
Cash, cash equivalents and investments	\$ 1,291,886	\$ 972,639	\$ 2,264,525
Cash, cash equivalents and investments - restricted		1,384,772	1,384,772
Receivables			
Taxes	683,685		683,685
State shared revenues	101,189		101,189
Accounts	50,265	389,761	440,026
Interest	1,297	14,301	15,598
Special assessments - restricted		1,825,071	1,825,071
Prepaid expenses	33,363	525	33,888
Land contract receivable			
Current	3,214		3,214
Non-current	48,214		48,214
Capital assets, not being depreciated			
Non-depreciated	346,645	226,918	573,563
Depreciated, net	7,170,385	9,573,741	16,744,126
Total assets	9,730,143	14,387,728	24,117,871
<u>LIABILITIES</u>			
LIABILITIES			
Bank overdraft	2,567		2,567
Accounts payable	134,976	18,823	153,799
Accrued compensated absences	127,925	27,798	155,723
Non-current liabilities			
Due within one year	418,365	565,000	983,365
Due beyond one year	4,991,823	3,385,000	8,376,823
Total liabilities	5,675,656	3,996,621	9,672,277
<u>NET ASSETS</u>			
NET ASSETS			
Invested in capital assets, net of related debt	2,122,489	5,850,659	7,973,148
Restricted for debt and capital		3,145,690	3,145,690
Unrestricted	1,931,998	1,394,758	3,326,756
Total net assets	\$ 4,054,487	\$ 10,391,107	\$ 14,445,594

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

NORTHFIELD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Contributions</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ (904,381)	\$ 252,724	\$ 13,649	\$
Fire protection	(800,101)	5,987		
Police protection	(1,514,152)	86,475		
Senior center/recreation	(143,758)	46,965	10,600	
Public works/roads	(125,560)		1,600	
Interest on long-term debt	(255,046)			
Total governmental activities	(3,742,998)	392,151	25,849	
BUSINESS-TYPE ACTIVITIES				
Sewer system	(1,346,356)	1,260,164		7,100
Total	\$ (5,089,354)	\$ 1,652,315	\$ 25,849	\$ 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

Changes in net assets before special items

Special item - post-retirement health insurance reversal

Changes in net assets

Net assets, July 1, 2010

Net assets, June 30, 2011

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>
\$ (638,008)	\$	\$ (638,008)
(794,114)		(794,114)
(1,427,677)		(1,427,677)
(86,193)		(86,193)
(123,960)		(123,960)
(255,046)		(255,046)
<u>(3,324,998)</u>		<u>(3,324,998)</u>
	(79,092)	(79,092)
<u>(3,324,998)</u>	<u>(79,092)</u>	<u>(3,404,090)</u>
2,644,819		2,644,819
556,249		556,249
16,834	78,295	95,129
	108,482	108,482
82,913		82,913
274,975		274,975
2,250	8,633	10,883
4,078		4,078
<u>3,582,118</u>	<u>195,410</u>	<u>3,777,528</u>
257,120	116,318	373,438
<u>576,138</u>	<u>306,920</u>	<u>883,058</u>
833,258	423,238	1,256,496
<u>3,221,229</u>	<u>9,967,869</u>	<u>13,189,098</u>
<u>\$ 4,054,487</u>	<u>\$ 10,391,107</u>	<u>\$ 14,445,594</u>

FUND FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Fire Fund</u>	<u>Law Enforcement Fund</u>
<u>ASSETS</u>			
ASSETS			
Cash and investments	\$ 832,947	\$ 243,417	\$ 71,854
Receivables			
Interest	1,297		
Taxes	46,570	73,762	159,556
State shared revenues	101,189		
Accounts	42,866		7,399
Library	51,428		
Due from other funds	60,260	83,605	186,950
Prepaid expenditures	23,650	6,020	3,693
	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,160,207	\$ 406,804	\$ 429,452
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Bank overdraft	\$	\$	\$
Accounts payable	39,122	3,287	71,990
Accrued compensated absences	2,499	9,736	106,672
Due to other funds			17,229
Due to others	4,802		
	<hr/>	<hr/>	<hr/>
Total liabilities	46,423	13,023	195,891
	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Nonspendable - prepaid items	23,650	6,020	3,693
Nonspendable - library receivable	51,428		229,868
Restricted - building department			
Restricted - fire		384,615	
Restricted - law enforcement			
Restricted - community development			
Restricted - debt service			
Assigned - budgets		3,146	
Unassigned	1,038,706		
	<hr/>	<hr/>	<hr/>
Total fund balances	1,113,784	393,781	233,561
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 1,160,207	\$ 406,804	\$ 429,452
	<hr/>	<hr/>	<hr/>

Non-major Funds	Totals
\$ 143,668	\$ 1,291,886
	1,297
35,426	315,314
	101,189
	50,265
	51,428
54,785	385,600
	33,363
<u>\$ 233,879</u>	<u>\$ 2,230,342</u>

\$ 2,567	\$ 2,567
15,775	130,174
9,018	127,925
	17,229
	4,802
<u>27,360</u>	<u>282,697</u>

	33,363
	281,296
10,559	10,559
1,959	386,574
17,947	17,947
87,453	87,453
60,321	60,321
28,280	31,426
	1,038,706
<u>206,519</u>	<u>1,947,645</u>
<u>\$ 233,879</u>	<u>\$ 2,230,342</u>

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

NORTHFIELD TOWNSHIP

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

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

Total fund balance per balance sheet	\$ 1,947,645
---	--------------

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds.

Historical cost	\$ 10,593,137
Accumulated depreciation	<u>(3,076,107)</u>

Capital assets net of accumulated depreciation	7,517,030
---	-----------

Some liabilities are not due and payable in the current period
and therefore are not reported in the funds. These include:

Long-term debt	<u>(5,410,188)</u>
----------------	--------------------

Net assets of governmental activities	<u><u>\$ 4,054,487</u></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, 2011**

	General Fund	Fire Fund	Law Enforcement Fund
REVENUES			
Taxes	\$ 271,590	\$ 636,825	\$ 1,424,442
State shared revenues	556,249		
Grant income	10,600	6,074	7,500
Licenses and permits			2,622
Contributions		75	
Rental income	3,600		
Franchise fees	82,913		
Charges for services	259,772	5,987	33,660
Fines and forfeitures			35,135
Interest	16,680	75	22
Miscellaneous	2,250		
Total revenues	<u>1,203,654</u>	<u>649,036</u>	<u>1,503,381</u>
EXPENDITURES			
Current:			
General government	841,576		
Fire rescue		615,676	
Police protection			1,407,886
Senior citizens/recreation	136,185		
Roads	94,287		
Community development	3,600		
Public works	35,719		
Debt service:			
Principal	10,000	36,209	24,064
Interest/fees		11,916	2,755
Capital outlay:			
General government	18,940		
Police protection			26,233
Total expenditures	<u>1,140,307</u>	<u>663,801</u>	<u>1,460,938</u>
Excess of revenues over (under) expenditures	<u>63,347</u>	<u>(14,765)</u>	<u>42,443</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,925		3,380
Transfers in		26,000	21,350
Transfers (out)	(27,350)		
Total other financing sources (uses)	<u>(25,425)</u>	<u>26,000</u>	<u>24,730</u>
Net changes in fund balances	37,922	11,235	67,173
FUND BALANCE, JULY 1, 2010	<u>1,075,862</u>	<u>382,546</u>	<u>166,388</u>
FUND BALANCE, JUNE 30, 2011	<u><u>\$ 1,113,784</u></u>	<u><u>\$ 393,781</u></u>	<u><u>\$ 233,561</u></u>

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

Non-major Funds	Total
\$ 311,962	\$ 2,644,819
	556,249
	24,174
39,202	41,824
1,600	1,675
271,375	274,975
	82,913
715	300,134
15,058	50,193
57	16,834
	2,250
<u>639,969</u>	<u>3,996,040</u>
32,802	874,378
4	615,680
4,066	1,411,952
	136,185
	94,287
10,759	14,359
	35,719
320,000	390,273
240,375	255,046
18,805	37,745
	26,233
<u>626,811</u>	<u>3,891,857</u>
<u>13,158</u>	<u>104,183</u>
	5,305
	47,350
<u>(20,000)</u>	<u>(47,350)</u>
<u>(20,000)</u>	<u>5,305</u>
(6,842)	109,488
213,361	1,838,157
<u>\$ 206,519</u>	<u>\$ 1,947,645</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, 2011**

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

Net change in fund balances - governmental funds	\$ 109,488
--	------------

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	\$ 63,978	
Depreciation expense	<u>(305,392)</u>	
Total		(241,414)

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:

Installment Loans/Capital leases	70,273	
Bonds payable	<u>320,000</u>	
Total		390,273

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	(1,227)
---------------------------------------	---------

Post-employment health care benefits were recorded in the government-
wide statements. This benefit has now been eliminated.

	<u>576,138</u>
--	----------------

Change in net assets of governmental activities	<u><u>\$ 833,258</u></u>
--	--------------------------

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

NORTHFIELD TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

ASSETS

	<u>Sewage Disposal System Fund</u>
CURRENT ASSETS	
Cash, cash equivalents and investments	\$ 972,639
Sewer billings receivable	372,532
Interest receivable	14,301
Due from other funds	81,382
Prepaid expenses	<u>525</u>
Total current assets	\$ 1,441,379
RESTRICTED ASSETS	
Cash, cash equivalents and investments - capital and debt	1,384,772
Special assessments receivable - capital and debt	<u>1,760,918</u>
Total restricted assets	3,145,690
PLANT, PROPERTY AND EQUIPMENT	
Non-depreciated	226,918
Depreciated, net	<u>9,573,741</u>
Net plant, property, and equipment	<u>9,800,659</u>
Total assets	<u>14,387,728</u>

LIABILITIES

CURRENT LIABILITIES	
Accounts payable	18,823
Accrued compensated absences	27,798
Contracts payable - current portion	<u>565,000</u>
Total current liabilities	611,621
LONG-TERM LIABILITIES	
Contracts payable - less current portion	<u>3,385,000</u>
Total liabilities	<u>3,996,621</u>

NET ASSETS

NET ASSETS	
Invested in capital assets, net of related debt	5,850,659
Restricted for capital and debt	3,145,690
Unrestricted	<u>1,394,758</u>
Total net assets	<u>\$ 10,391,107</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, 2011**

	<u>Sewage Disposal System Fund</u>
OPERATING REVENUES	
User charges	\$ 1,260,164
OPERATING EXPENSES	
Salaries and wages	\$ 290,243
Employee benefits/payroll taxes	118,822
Depreciation	333,876
Other operating expenses	<u>412,401</u>
Total operating expenses	<u>1,155,342</u>
Operating income	104,822
NON-OPERATING REVENUES AND (EXPENSES)	
Post-employment health	306,920
Other income	8,633
Interest income - cash and equivalents	78,295
Interest income - special assessments	108,482
Interest expense	(190,339)
Bond fees	<u>(675)</u>
Total non-operating revenues and (expenses)	<u>311,316</u>
Net income before capital contributions	416,138
CAPITAL CONTRIBUTIONS	
Connection fees	<u>7,100</u>
Change in net assets	423,238
NET ASSETS, JULY 1, 2010	<u>9,967,869</u>
NET ASSETS, JUNE 30, 2011	<u><u>\$ 10,391,107</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, 2011

	<u>Sewage Disposal System Fund</u>
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Cash received from users	\$ 1,230,620
Cash payments to employees	(274,886)
Cash payments to suppliers	(542,163)
Cash payments to other funds, net	<u>(78,159)</u>
Net cash provided by operating activities	335,412
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	
Special assessments received	\$ 291,682
Interest/fees on long-term bonds	(191,014)
Acquisition of capital assets	(92,117)
Repayment of principal on bonds/contracts	<u>(545,000)</u>
Net cash (used in) capital and related financing activities	(536,449)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	
Interest on cash and cash equivalents	38,375
Purchases of investments	<u>(145,519)</u>
Net cash (used in) investing activities	<u>(107,144)</u>
Net decrease in cash and cash equivalents	(308,181)
CASH AND CASH EQUIVALENTS AT, JULY 1, 2010	<u>810,062</u>
CASH AND CASH EQUIVALENTS AT, JUNE 30, 2011	<u><u>\$ 501,881</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income	\$ 104,822
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 333,876
Other income	8,633
Change in assets and liabilities:	
(Increase) in sewer billings receivable	(29,544)
(Increase) in due from other funds	(78,159)
Decrease in prepaid expenses	4,812
(Decrease) in accounts payable/accrued compensated absences	<u>(9,028)</u>
Total adjustments	<u>230,590</u>
Net cash provided by operating activities	<u><u>\$ 335,412</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, 2011

	<u>Current Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS	<u>\$ 1,263,700</u>	<u>\$ 118,470</u>	<u>\$ 1,382,170</u>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 449,754	\$	\$ 449,754
Due to others	813,946		813,946
Performance deposits		118,470	118,470
Total liabilities	<u>\$ 1,263,700</u>	<u>\$ 118,470</u>	<u>\$ 1,382,170</u>

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, 2011

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, 2011

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, 2011

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, 2011

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, 2011, expenditures exceeded appropriations in two 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. The 2010 adjusted taxable value of the Township totaled \$329,068,824. The Township levied the following millages during the current fiscal year ended June 30, 2011:

General Township	.7997
Fire	1.9240
Police	4.3022
Public safety building	<u>.8971</u>
Total millage	<u>7.923</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, 2011

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. EQUITY

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Township Board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the Township Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the Township policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, 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, 2011 was \$51,428.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2011 was as follows:

	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 308,900	\$ 3,730	\$	\$ 312,630
Construction in progress		34,015		34,015
Total cost - assets not being depreciated	<u>308,900</u>	<u>37,745</u>		<u>346,645</u>
Capital assets being depreciated:				
Buildings	8,108,409			8,108,409
Equipment	2,136,366	26,232	24,515	2,138,083
Total cost (B)	<u>10,244,775</u>	<u>26,232</u>	<u>24,515</u>	<u>10,246,492</u>
Less accumulated depreciation for:				
Buildings	(1,373,271)	(164,490)		(1,537,761)
Equipment	(1,420,733)	(140,902)	23,289	(1,538,346)
Total accumulated depreciation	<u>(2,794,004)</u>	<u>(305,392)</u>	<u>23,289</u>	<u>(3,076,107)</u>
Capital assets being depreciated, net	<u>7,450,771</u>	<u>(279,160)</u>	<u>1,226</u>	<u>7,170,385</u>
Governmental activities capital assets, net	<u>\$ 7,759,671</u>	<u>\$ (241,415)</u>	<u>\$ 1,226</u>	<u>\$ 7,517,030</u>
Related long-term debt outstanding at June 30, 2011				<u>(5,394,541)</u>
Governmental activities capital assets, net of related long-term debt				<u>\$ 2,122,489</u>

(B) Assets being depreciated.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 4 - CAPITAL ASSETS - continued

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2011</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 226,918	\$	\$	\$ 226,918
Capital assets being depreciated:				
Plant and equipment	14,355,243	92,117		14,447,360
Less accumulated depreciation for:				
Plant and equipment	(4,539,743)	(333,876)		(4,873,619)
Capital assets being depreciated, net	<u>9,815,500</u>	<u>(241,759)</u>		<u>9,573,741</u>
Business-type activities capital assets, net	<u>\$10,042,418</u>	<u>\$ (241,759)</u>	<u>\$</u>	<u>9,800,659</u>
Less: related long-term debt outstanding as of June 30, 2011				<u>(3,950,000)</u>
Business-type activities capital assets net of related debt				<u><u>\$ 5,850,659</u></u>

Depreciation expense was distributed to the various activities as follows:

Governmental activities:	
General government	\$ 11,198
Fire protection and medical rescue	184,421
Police protection	102,200
Senior center	<u>7,573</u>
Subtotal	305,392
Business-type activities:	
Sewer service	<u>333,876</u>
Total	<u><u>\$ 639,268</u></u>

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 \$209,141 at June 30, 2011.
2. 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, 2011 was \$8,565.
3. 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 \$16,835 at June 30, 2011.

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, 2011 was \$2,575,000.
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, 2011 was \$2,225,000.
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, 2011 was \$360,000.

Installment Obligations

1. 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, 2011 was \$15,647.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 5 - LONG-TERM DEBT - continued

Installment Obligations (continued)

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

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2011</u>	<u>Amount Due Within One Year</u>
Capitalized Lease					
Ford Motor Credit	\$ 32,583	\$	\$ 15,748	\$ 16,835	\$ 16,835
Kansas State Bank	245,350		36,209	209,141	37,965
Fleetwood Financial	16,881		8,316	8,565	8,565
Total capitalized leases	<u>294,814</u>		<u>60,273</u>	<u>234,541</u>	<u>63,365</u>
Bonds Payable					
National City	2,750,000		175,000	2,575,000	200,000
National City	2,350,000		125,000	2,225,000	125,000
National City	380,000		20,000	360,000	20,000
Total bonds payable	<u>5,480,000</u>		<u>320,000</u>	<u>5,160,000</u>	<u>345,000</u>
Installment Loans Payable					
Ann Arbor Township	25,647		10,000	15,647	10,000
Governmental activities capital assets, net	<u>\$ 5,800,461</u>	<u>\$</u>	<u>\$ 390,273</u>	<u>\$ 5,410,188</u>	<u>\$ 418,365</u>

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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:

	Capitalized Leases		Bonds Payable		Installment Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending:								
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 - 2016	45,872	2,225	425,000	161,600			470,872	163,825
2016 - 2021			2,400,000	521,015			2,400,000	521,015
2022 - 2023			840,000	54,250			840,000	54,250
Totals	\$ 234,541	\$ 32,811	\$ 5,160,000	\$ 1,541,240	\$ 15,647	\$	\$ 5,410,188	\$ 1,574,051

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 5 - LONG TERM DEBT - continued

The following is a summary of bonds payable debt for the business-type activities:

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 \$475,000 at June 30, 2011.
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 \$445,000 at June 30, 2011.
3. Loan payable to Washtenaw County 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 \$3,030,000 at June 30, 2011.

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

Bonds Payable	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011	Amount Due Within One Year
Expansion - Seven Mile	\$ 500,000	\$	\$ 25,000	\$ 475,000	\$ 25,000
Expansion - 2007 refunding	3,515,000		485,000	3,030,000	505,000
Michigan Municipal Bond Authority: 1992 junior lien refunding	480,000		35,000	445,000	35,000
Total business-type activities long-term debt	\$ 4,495,000	\$	\$ 545,000	\$ 3,950,000	\$ 565,000

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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
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 - 2016	645,000	69,427	714,427
2016 - 2021	870,000	102,870	972,870
2021 - 2023	95,000	4,500	99,500
Totals	\$ 3,950,000	\$ 704,876	\$ 4,654,876

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	<u>5%</u> of wages
Annual contribution to pension plan	<u>15%</u> 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, 2010 to June 30, 2011, is as follows:

Balance in guaranteed account July 1, 2010	\$ 2,074,928
Current year contributions	
Township portion	\$ 84,565
Employee portion	<u>40,337</u>
Total contributions	124,902
Withdrawals	(139,435)
Net Gain/(Loss)	<u>396,472</u>
Balance in guaranteed account June 30, 2011	<u>\$ 2,456,867</u>

Interest has been credited to June 30, 2011.

A contribution of \$84,565 was made in the fiscal year ended June 30, 2011.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2010, the police department had ten (10) covered employees and twenty (20) total employees. Covered payroll for the year then ended was \$541,276.

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, 2010. 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 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.5% 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, 2010, the unfunded pension benefit obligation was \$44,894, determined as follows:

Pension benefit obligation	
Retirees and beneficiaries currently receiving benefits	\$
Terminated employees not yet receiving benefits	77,410
Non-vested terminated employees	
Current employees	
Accumulated employee contribution, including allocated investment income	368,051
Employer financed	486,223
	<hr/>
Total pension benefit obligation	931,684
Net assets available for benefits, at cost (at market)	886,790
	<hr/>
Unfunded actuarial accrued liability	<u>\$ 44,894</u>

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 8 - INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivables and payables exist at June 30, 2011. 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	\$ 60,260	\$
Fire Fund	83,605	
Law Enforcement Fund	186,950	17,229
Public Safety Debt Service Fund	39,749	
Downtown Development Authority Fund	15,036	
Sewer Disposal System Fund	81,383	
Current Tax Collection Fund		449,754
	<hr/>	<hr/>
Total interfund balances	<u><u>\$ 466,983</u></u>	<u><u>\$ 466,983</u></u>

Interfund transfers for the year ended June 30, 2011 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>	<u>Amount</u>
Fire Fund	General Fund	Pay operating expenditures	\$ 26,000
Law Enforcement Fund	Narcotics Fund (non-major)	Pay operating expenditures	21,350
			<hr/>
			\$ 47,350
			<hr/>

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	\$ 1,260,164
Depreciation	333,876
Operating income	104,822
Net working capital	1,394,758
Total assets	14,387,728
Total fund equity	10,391,107

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011 deposits and investments consist of the following:

Cash and cash equivalents:	
Checking accounts	\$ 2,651,576
Money market accounts	23,855
Money market fund	<u>11,566</u>
Total cash and investments	<u>2,686,997</u>
Investments	
Negotiable certificates of deposit	1,025,338
Municipal bonds	375,832
Corporate bonds	62,740
U.S. Governmental securities	<u>1,003,949</u>
Total investments	<u>2,467,859</u>
Total cash, cash equivalents and investments	<u><u>\$ 5,154,856</u></u>

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

Statement of Net Assets:	
Cash, cash equivalents and investments	\$ 2,261,959
Restricted cash, cash equivalents and investments	<u>1,384,772</u>
Total	3,646,731
Fiduciary Funds	
Cash and cash equivalents	<u>1,382,170</u>
Total cash, cash equivalents and investments	<u><u>\$ 5,028,901</u></u>

The carrying amount of cash, cash equivalents and investments is stated at \$5,028,901 as of June 30, 2011. The difference between the carrying amounts and the amounts mentioned above stem from cash on hand of \$600, outstanding checks and deposits of \$77,446, and an unrealized gain on investments of \$49,109. The Township carries all investments at cost rather than at market value.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 10 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - continued

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. 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.

Insured by FDIC	\$ 2,675,431
Insured by SIPC	11,566
Uninsured and uncollateralized	<u>0</u>
Total	<u>\$ 2,686,997</u>

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. 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.

As of June 30, 2011, the Township's investments were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 1,025,338
Insured by SIPC	488,434
Excess SIPC insurance	<u>954,087</u>
Total	<u>\$ 2,467,859</u>

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	36%
Negotiable CD	LaSalle Bank	8%
Negotiable CD	Wells Fargo Bank	9%
Negotiable CD	Byron Bank	8%
Municipal Bond	Wayne County, MI	15%

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011 the Township had the following investment maturities:

<u>Investment Type</u>	<u>Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
U.S. Agencies	\$ 1,003,949	\$	\$ 360,123	\$ 527,902	\$ 115,924
Negotiable CD's	1,025,338		400,867	255,009	369,462
Municipal Bonds	375,832		375,832		
Corporate Bonds	62,740		62,740		
	<u>\$ 2,467,859</u>	<u>\$</u>	<u>\$ 1,199,562</u>	<u>\$ 782,911</u>	<u>\$ 485,386</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, 2011, the Township's investments were exposed to credit risk as follows:

<u>Investment Type</u>	<u>Rating by S & P</u>	<u>Amount</u>
Corporate Bond	A+	\$ 62,740
Municipal Bond	BBB+	375,832
Negotiable Certificates of Deposit	Unrated	1,025,338
Money Market Funds	Unrated	11,566
Government Securities	AAA	1,003,949
		<u>\$ 2,479,425</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:

	<u>6/30/2010</u>	<u>6/30/2011</u>
Current assets		
Cash and cash equivalents	<u>\$ 810,062</u>	<u>\$ 501,881</u>

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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.

NOTE 13 - PROJECT UNCERTAINTY

The Township has \$5,160,000 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 - SPECIAL ITEM

On June 28, 2011 the Township Board amended its personnel policy to remove the benefit of post-retirement health for its employees. The Township had recorded the entire liability for this benefit in the prior year in the government-wide financial statements, and will reverse this liability as a special item.

The liability was recorded in both the governmental funds and the business-type funds:

Governmental funds	\$ 576,138
Business-type fund	<u>306,920</u>
Total liability reversed	<u><u>\$ 883,058</u></u>

NOTE 15 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Sewage Disposal System Fund as of June 30, 2011 consisted of the following:

	<u>Sewage Disposal System Fund</u>
Cash, cash equivalents and investments	\$ 1,384,772
Special assessment receivables	<u>1,760,918</u>
Total	<u><u>\$ 3,145,690</u></u>

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, 2011**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$ 262,500	\$ 271,590	\$ 9,090
State shared revenues		520,000	556,249	36,249
Charges for services		327,700	342,685	14,985
Interest		14,000	16,680	2,680
Miscellaneous revenue		14,200	16,450	2,250
Total revenues	<u>1,086,600</u>	<u>1,138,400</u>	<u>1,203,654</u>	<u>65,254</u>
EXPENDITURES				
Township board		33,610	27,354	6,256
Supervisor		57,842	57,725	117
Elections		15,200	12,117	3,083
Clerk		98,068	96,646	1,422
Board of review		23,190	9,906	13,284
Treasurer		138,669	118,044	20,625
Assessor		110,315	93,557	16,758
Township hall and grounds		147,046	141,901	5,145
Zoning and planning departments		90,709	82,372	8,337
Professional fees		119,275	109,328	9,947
Downtown Development Authority		1,050	676	374
Human services contract		3,600	3,600	
Roads		107,000	104,287	2,713
Street lights		33,400	33,503	(103)
Capital outlay		6,500	6,109	391
Clean up and recycling		5,000	1,540	3,460
Rent - PSB		90,457	90,457	
Senior Center		138,531	136,185	2,346
Contingency		12,000	15,000	(3,000)
Total expenditures	<u>1,118,182</u>	<u>1,231,462</u>	<u>1,140,307</u>	<u>91,155</u>
Excess of revenues over (under) expenditures	<u>(31,582)</u>	<u>(93,062)</u>	<u>63,347</u>	<u>156,409</u>
OTHER SOURCES FINANCING (USES)				
Sale of capital assets			1,925	1,925
Transfers (out)	<u>(27,000)</u>	<u>(29,350)</u>	<u>(27,350)</u>	<u>2,000</u>
Total other financing sources (uses)	<u>(27,000)</u>	<u>(29,350)</u>	<u>(25,425)</u>	<u>3,925</u>
Net change in fund balance	<u>(58,582)</u>	<u>(122,412)</u>	<u>37,922</u>	<u>160,334</u>
FUND BALANCE, JULY 1, 2010	<u>1,075,862</u>	<u>1,075,862</u>	<u>1,075,862</u>	
FUND BALANCE, JUNE 30, 2011	<u><u>\$ 1,017,280</u></u>	<u><u>\$ 953,450</u></u>	<u><u>\$ 1,113,784</u></u>	<u><u>\$ 160,334</u></u>

NORTHFIELD TOWNSHIP

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 636,825	\$
Charges for services			5,987	
Grants			6,074	
Interest			75	
Donations			75	
Total revenues	648,377	648,377	649,036	659
EXPENDITURES				
Salaries			287,451	
Payroll taxes			21,852	
Hospitalization			22,517	
Life insurance			900	
Pension			7,700	
Medical testing			1,014	
Uniforms			2,225	
Accounting services			7,800	
Audit fees			2,975	
Transportation			12,289	
Training and development			4,980	
Membership fees			1,350	
Contractual services			1,877	
Dispatch services			11,471	
Telephone			7,527	
Supplies			7,577	
Insurance and bonds			58,347	
Office overhead			49,907	
PSB lease			90,458	
Printing and postage			30	
Utilities			9,336	
Repairs and maintenance			14,615	
Debt - principal			36,221	
Debt - interest			11,904	
DDA			1,626	
Grant			6,074	
Capital outlay			5,960	
Personnel allocation			(22,182)	
Total expenditures	688,024	694,192	663,801	30,391
Excess of revenues over (under) expenditures	(39,647)	(45,815)	(14,765)	31,050
OTHER SOURCES FINANCING (USES)				
Transfers in	25,000	26,000	26,000	
Net change in fund balance	(14,647)	(19,815)	11,235	31,050
FUND BALANCE, JULY 1, 2010	382,546	382,546	382,546	
FUND BALANCE, JUNE 30, 2011	\$ 367,899	\$ 362,731	\$ 393,781	\$ 31,050

NORTHFIELD TOWNSHIP

LAW ENFORCEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 1,424,442	\$
Fines and court fees			33,400	
Traffic tickets and impound fees			1,735	
Liquor law license fees			2,622	
Grant			7,500	
Interest			22	
Income reimbursements			10,955	
Charges for services			22,705	
Total revenues	1,504,033	1,498,200	1,503,381	5,181
EXPENDITURES	1,547,672	1,554,675	1,460,938	93,737
Excess of revenues over (under) expenditures	(43,639)	(56,475)	42,443	98,918
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	3,000	3,000	3,380	380
Transfers in	25,500	21,350	21,350	
Total other financing sources (uses)	28,500	24,350	24,730	380
Net change in fund balance	(15,139)	(32,125)	67,173	99,298
FUND BALANCE, JULY 1, 2010	166,388	166,388	166,388	
FUND BALANCE, JUNE 30, 2011	<u>\$ 151,249</u>	<u>\$ 134,263</u>	<u>\$ 233,561</u>	<u>\$ 99,298</u>

NORTHFIELD TOWNSHIP
SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2011

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%	\$ 580,250	16.8%
December 31, 2010	\$ 886,790	\$ 931,684	\$ 44,894	95.20%	\$ 541,276	8.30%

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>Building Department Fund</u>	<u>Fire Fund</u>	<u>Fire Truck Fund</u>	<u>Law Enforcement Fund</u>
<u>ASSETS</u>				
ASSETS				
Cash and investments	\$ 21,590	\$ 243,417	\$ 818	\$ 71,854
Taxes receivable		73,762	1,141	159,556
Accounts receivable - other				7,399
Due from other funds		83,605		186,950
Prepaid expenditures		6,020		3,693
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 21,590</u></u>	<u><u>\$ 406,804</u></u>	<u><u>\$ 1,959</u></u>	<u><u>\$ 429,452</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 2,013	\$ 3,287	\$	\$ 71,990
Accrued compensated absences	9,018	9,736		106,672
Due to other funds				17,229
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	11,031	13,023		195,891
FUND BALANCE	<u>10,559</u>	<u>393,781</u>	<u>1,959</u>	<u>233,561</u>
Total liabilities and fund balance	<u><u>\$ 21,590</u></u>	<u><u>\$ 406,804</u></u>	<u><u>\$ 1,959</u></u>	<u><u>\$ 429,452</u></u>

<u>Narcotics Fund</u>	<u>Federal Narcotics Fund</u>	<u>Downtown Development Authority Fund</u>	<u>Totals</u>
\$ 20,439	\$ 108	\$ 100,713	\$ 458,939
			234,459
			7,399
		15,036	285,591
			9,713
<u>\$ 20,439</u>	<u>\$ 108</u>	<u>\$ 115,749</u>	<u>\$ 996,101</u>
\$	\$	\$ 2,616	\$ 79,906
			125,426
			17,229
		2,616	222,561
<u>20,439</u>	<u>108</u>	<u>113,133</u>	<u>773,540</u>
<u>\$ 20,439</u>	<u>\$ 108</u>	<u>\$ 115,749</u>	<u>\$ 996,101</u>

NORTHFIELD TOWNSHIP
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2011

	<u>Current Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	<u>\$ 1,263,700</u>	<u>\$ 118,470</u>	<u>\$ 1,382,170</u>
 <u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 449,754	\$	\$ 449,754
Due to others	813,946		813,946
Performance deposits	<u>118,470</u>	<u>118,470</u>	<u>118,470</u>
Total liabilities	<u>\$ 1,263,700</u>	<u>\$ 118,470</u>	<u>\$ 1,382,170</u>

NORTHFIELD TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Building Department Fund	Fire Fund	Fire Truck Fund	Law Enforcement Fund
REVENUES				
Taxes	\$	\$ 636,825	\$	\$ 1,424,442
Fines and forfeits				33,400
Charges for services	715	5,987		35,395
Licenses and permits	39,202			2,622
Interest	7	75		22
Grants		6074		7,500
Donations		75		
Total revenues	<u>39,924</u>	<u>649,036</u>		<u>1,503,381</u>
EXPENDITURES				
General government	32,714			
Fire protection		615,676	4	
Police protection				1,434,119
Public works				
Debt service		48,125		26,819
Total expenditures	<u>32,714</u>	<u>663,801</u>	<u>4</u>	<u>1,460,938</u>
Excess of revenues over (under) expenditures	<u>7,210</u>	<u>(14,765)</u>	<u>(4)</u>	<u>42,443</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets				3,380
Transfers in		26,000		21,350
Transfers (out)				
Total other financing sources (uses)		<u>26,000</u>		<u>24,730</u>
Net changes in fund balances	7,210	11,235	(4)	67,173
FUND BALANCE, JULY 1, 2010	<u>3,349</u>	<u>382,546</u>	<u>1,963</u>	<u>166,388</u>
FUND BALANCE, JUNE 30, 2011	<u><u>\$ 10,559</u></u>	<u><u>\$ 393,781</u></u>	<u><u>\$ 1,959</u></u>	<u><u>\$ 233,561</u></u>

Narcotics Fund	Downtown Development Authority Fund	Federal Narcotics Fund	Totals
\$ 14,950	\$ 15,036	\$ 108	\$ 2,076,303
			48,458
			42,097
			41,824
	44		148
			13,574
	1,600		1,675
<u>14,950</u>	<u>16,680</u>	<u>108</u>	<u>2,224,079</u>
			32,714
			615,680
4,066			1,438,185
	29,564		29,564
			74,944
<u>4,066</u>	<u>29,564</u>		<u>2,191,087</u>
<u>10,884</u>	<u>(12,884)</u>	<u>108</u>	<u>32,992</u>
			3,380
(20,000)			47,350
<u>(20,000)</u>			<u>(20,000)</u>
<u>(20,000)</u>			<u>30,730</u>
(9,116)	(12,884)	108	63,722
<u>29,555</u>	<u>126,017</u>		<u>709,818</u>
<u>\$ 20,439</u>	<u>\$ 113,133</u>	<u>\$ 108</u>	<u>\$ 773,540</u>

NORTHFIELD TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Building Authority</u>	<u>Public Safety Building</u>	<u>Total</u>
REVENUES			
Property taxes	\$	\$ 296,926	\$ 296,926
Interest income		6	6
Rental income	<u>271,375</u>		<u>271,375</u>
Total revenues	<u>271,375</u>	<u>296,932</u>	<u>568,307</u>
EXPENDITURES			
Building overhead		88	88
Loan - principal	145,000	175,000	320,000
Loan - interest	<u>126,375</u>	<u>114,000</u>	<u>240,375</u>
Total expenditures	<u>271,375</u>	<u>289,088</u>	<u>560,463</u>
Net changes in fund balances		7,844	7,844
FUND BALANCE, JULY 1, 2010	<u></u>	<u>52,477</u>	<u>52,477</u>
FUND BALANCE, JUNE 30, 2011	<u><u>\$</u></u>	<u><u>\$ 60,321</u></u>	<u><u>\$ 60,321</u></u>

INDIVIDUAL FUNDS

GENERAL FUND

NORTHFIELD TOWNSHIP

**GENERAL FUND
BALANCE SHEET
JUNE 30, 2011**

ASSETS

ASSETS

Cash and investments	\$ 832,947
Interest receivable	1,297
Taxes receivable	46,570
State shared revenue receivable	101,189
Accounts receivable - lien	21,404
Accounts receivable - other	21,462
Due from other funds	60,260
Prepaid expenditures	23,650
Land contract receivable - Northfield Township Area Library	<u>51,428</u>

Total assets	<u>\$ 1,160,207</u>
---------------------	----------------------------

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 39,122
Accrued compensated absences	2,499
Due to others	<u>4,802</u>

Total liabilities	\$ 46,423
--------------------------	------------------

FUND BALANCE

Non-spendable - prepaid items	23,650
Nonspendable - Library receivable	51,428
Unassigned	<u>1,038,706</u>

Total fund balance	<u>1,113,784</u>
---------------------------	-------------------------

Total liabilities and fund balance	<u>\$ 1,160,207</u>
---	----------------------------

NORTHFIELD TOWNSHIP

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 262,500	\$ 271,590	\$ 9,090
State shared revenues	520,000	556,249	36,249
Charges for services	327,700	342,685	14,985
Interest	14,000	16,680	2,680
Miscellaneous revenue	14,200	16,450	2,250
Total revenues	<u>1,138,400</u>	<u>1,203,654</u>	<u>65,254</u>
EXPENDITURES			
Township board	33,610	27,354	6,256
Supervisor	57,842	57,725	117
Elections	15,200	12,117	3,083
Clerk	98,068	96,646	1,422
Board of review	23,190	9,906	13,284
Treasurer	138,669	118,044	20,625
Assessor	110,315	93,557	16,758
Township hall and grounds	147,046	141,901	5,145
Zoning and planning departments	90,709	82,372	8,337
Professional fees	119,275	109,328	9,947
Downtown Development Authority	1,050	676	374
Human services contract	3,600	3,600	
Roads	107,000	104,287	2,713
Street lights	33,400	33,503	(103)
Capital outlay	6,500	6,109	391
Clean up and recycling	5,000	1,540	3,460
Rent - PSB	90,457	90,457	
Senior Center	138,531	136,185	2,346
Contingency	12,000	15,000	(3,000)
Total expenditures	<u>1,231,462</u>	<u>1,140,307</u>	<u>91,155</u>
Excess of revenues over (under) expenditures	<u>(93,062)</u>	<u>63,347</u>	<u>156,409</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets		1,925	1,925
Transfers (out)	(29,350)	(27,350)	2,000
Total other financing sources (uses)	<u>(29,350)</u>	<u>(25,425)</u>	<u>3,925</u>
Net change in fund balance	(122,412)	37,922	160,334
FUND BALANCE, JULY 1, 2010	<u>1,075,862</u>	<u>1,075,862</u>	
FUND BALANCE, JUNE 30, 2011	<u><u>\$ 953,450</u></u>	<u><u>\$ 1,113,784</u></u>	<u><u>\$ 160,334</u></u>

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES	\$ 262,500	\$ 271,590	\$ 9,090
STATE SHARED REVENUES	520,000	556,249	36,249
CHARGES FOR SERVICES			
Tax administration fees		140,817	
Sewer/library administration		36,200	
Cablevision franchise fees		82,913	
Fiber footage fees		8,912	
Clean up		312	
Zoning fees		4,175	
Site plan reviews		3,000	
Split applications		900	
Mobile home park fees		3,566	
Summer tax collection fees		14,370	
Duplicating		555	
Senior citizens		46,965	
Total charges for services	327,700	342,685	14,985
INTEREST	14,000	16,680	2,680
MISCELLANEOUS REVENUE			
Grant - senior center		10,600	
Other reimbursement		2,250	
Rental income		3,600	
Total miscellaneous revenue	14,200	16,450	2,250
Total revenues	<u>\$ 1,138,400</u>	<u>\$ 1,203,654</u>	<u>\$ 65,254</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Fees	\$	\$ 9,750	\$
Payroll taxes		746	
Insurance		370	
Pension		400	
Membership and dues		11,175	
Printing and publishing		4,888	
Miscellaneous		25	
Total township board	<u>33,610</u>	<u>27,354</u>	<u>6,256</u>
SUPERVISOR			
Supervisor's salary		39,934	
Payroll taxes		2,332	
Insurance - benefits		6,302	
Pension		3,993	
Miscellaneous		2,667	
Communication		1,438	
Training and development		220	
Transportation		839	
Total supervisor	<u>57,842</u>	<u>57,725</u>	<u>117</u>
ELECTIONS			
Fees		8,369	
Office supplies		2,210	
Printing and postage		1,538	
Total elections	<u>15,200</u>	<u>12,117</u>	<u>3,083</u>
CLERK			
Clerk's salary		39,364	
Deputy clerk's salary		17,286	
Payroll taxes		8,426	
Insurance - benefits		2,096	
Pension		3,936	
Controller		52,000	
Recording secretary		2,960	
Dues		66	
Transportation		493	
Training and development		179	
Personnel allocation		(30,160)	
Total clerk	<u>98,068</u>	<u>96,646</u>	<u>1,422</u>

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF REVIEW			
Fees		1,932	
Payroll taxes		148	
Tax tribunal and drains		6,578	
Training		363	
Printing and publication		885	
Total board of review	<u>23,190</u>	<u>9,906</u>	<u>13,284</u>
TREASURER			
Treasurer's salary		39,364	
Clerical salaries		43,355	
Payroll taxes		6,328	
Insurance - benefits		13,488	
Pension		7,709	
Legal fees		6,000	
Tax roll preparation		1,535	
Transportation		244	
Dues and subscriptions		100	
Training and development		1,109	
Postage		4,266	
Miscellaneous		7,254	
Personnel allocation		(12,708)	
Total treasurer	<u>138,669</u>	<u>118,044</u>	<u>20,625</u>
ASSESSOR			
Salaries		73,177	
Payroll taxes		5,845	
Insurance - benefits		5,351	
Pension		4,927	
Supplies		106	
Membership dues		350	
Training and development		606	
Transportation		1,321	
Postage		1,874	
Total assessor	<u>110,315</u>	<u>93,557</u>	<u>16,758</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP HALL AND GROUNDS			
Salaries		6,120	
Payroll taxes		468	
Unemployment		3,258	
Insurance - benefits		3,234	
Insurance - general liability		32,153	
PSB allocation		49,905	
Janitor fees		2,220	
Office supplies		13,026	
Telephone		3,125	
Postage		3,678	
Utilities		4,051	
Repairs and maintenance		17,009	
Equipment rental		3,654	
		<u> </u>	<u> </u>
Total township hall and grounds	<u>147,046</u>	<u>141,901</u>	<u>5,145</u>
ZONING AND PLANNING DEPARTMENTS			
Salaries - recording secretary		2,160	
Zoning administrator		22,680	
Payroll taxes		773	
Department allocation		6,354	
Planning commission fees		9,100	
Board of appeals fees		1,000	
Printing and publications		774	
Planning consultant		30,937	
Code enforcement		7,317	
Legal fees		279	
Training and development		998	
		<u> </u>	<u> </u>
Total zoning and planning departments	<u>90,709</u>	<u>82,372</u>	<u>8,337</u>
PROFESSIONAL FEES			
Engineer		7,890	
Other fees		11,489	
Legal		135,549	
Department allocation		(45,600)	
		<u> </u>	<u> </u>
Total professional fees	<u>119,275</u>	<u>109,328</u>	<u>9,947</u>

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
DOWNTOWN DEVELOPMENT AUTHORITY	<u>1,050</u>	<u>676</u>	<u>374</u>
HUMAN SERVICES CONTRACT	<u>3,600</u>	<u>3,600</u>	
ROADS	<u>107,000</u>	<u>104,287</u>	<u>2,713</u>
STREET LIGHTS	<u>33,400</u>	<u>33,503</u>	<u>(103)</u>
CAPITAL OUTLAY	<u>6,500</u>	<u>6,109</u>	<u>391</u>
CLEAN UP AND RECYCLING	<u>5,000</u>	<u>1,540</u>	<u>3,460</u>
CONTINGENCY - LIENS	<u>12,000</u>	<u>15,000</u>	<u>(3,000)</u>
RENT - PSB	<u>90,457</u>	<u>90,457</u>	
SENIOR CENTER			
Salaries		44,771	
Payroll taxes		3,404	
Insurance - benefits		15,973	
Pension		3,512	
Programs		34,860	
Janitorial service		5,540	
Supplies		1,516	
Dues		220	
Telephone		1,584	
Postage		993	
Transportation		600	
Printing		761	
Insurance - general liability		2,313	
Utilities		4,796	
Grant costs		10,600	
Repair and maintenance		4,209	
Training		363	
Small equipment		170	
	<u></u>	<u></u>	<u></u>
Total senior center	<u>138,531</u>	<u>136,185</u>	<u>2,346</u>
Total expenditures	<u>\$ 1,231,462</u>	<u>\$ 1,140,307</u>	<u>\$ 91,155</u>

BUILDING DEPARTMENT FUND

NORTHFIELD TOWNSHIP
BUILDING DEPARTMENT FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

ASSETS

Cash and cash equivalents	\$ 21,590
---------------------------	-----------

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,013
Accrued compensated absences	<u>9,018</u>

Total liabilities	\$ 11,031
--------------------------	-----------

FUND BALANCE

Unreserved	<u>10,559</u>
------------	---------------

Total liabilities and fund balance	<u>\$ 21,590</u>
---	------------------

NORTHFIELD TOWNSHIP

BUILDING DEPARTMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Building permit fees	\$	\$ 39,202	\$
Contractor's registration		715	
Interest income		7	
	<u>38,700</u>	<u>39,924</u>	<u>1,224</u>
Total revenues			
	<u>38,700</u>	<u>39,924</u>	<u>1,224</u>
EXPENDITURES			
Salaries		1,508	
Inspections		20,846	
Other professional services		2,435	
Telephone		269	
Insurance - general and bonds		712	
Repairs and maintenance		590	
Personnel allocation		6,354	
	<u>33,898</u>	<u>32,714</u>	<u>1,184</u>
Total expenditures			
	<u>33,898</u>	<u>32,714</u>	<u>1,184</u>
Excess of revenues over (under) expenditures	4,802	7,210	2,408
OTHER FINANCINGS SOURCES (USES)			
Transfers in	<u>2,000</u>	<u></u>	<u>(2,000)</u>
Net change in fund balance	6,802	7,210	408
FUND BALANCE, JULY 1, 2010	<u>3,349</u>	<u>3,349</u>	<u></u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 10,151</u>	<u>\$ 10,559</u>	<u>\$ 408</u>

FIRE FUND

NORTHFIELD TOWNSHIP

**FIRE FUND
BALANCE SHEET
JUNE 30, 2011**

ASSETS

ASSETS

Cash and cash equivalents	\$	243,417
Taxes		73,762
Due from other funds		83,605
Prepaid expenditures		<u>6,020</u>

Total assets	\$	<u>406,804</u>
---------------------	-----------	-----------------------

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	3,287
Accrued compensated absences		<u>9,736</u>

Total liabilities	\$	13,023
--------------------------	-----------	---------------

FUND BALANCE

Nonspendable - prepaid items	6,020
Assigned - budgets	3,146
Restricted - fire	<u>384,615</u>

Total fund balance	<u>393,781</u>
---------------------------	-----------------------

Total liabilities and fund balance	\$	<u>406,804</u>
---	-----------	-----------------------

NORTHFIELD TOWNSHIP

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 636,825	\$
Charges for services		5,987	
Grants		6,074	
Interest		75	
Donations		75	
		<u>75</u>	
Total revenues	<u>648,377</u>	<u>649,036</u>	<u>659</u>
EXPENDITURES			
Salaries		287,451	
Payroll taxes		21,852	
Hospitalization		22,517	
Life insurance		900	
Pension		7,700	
Medical testing		1,014	
Uniforms		2,225	
Accounting services		7,800	
Audit fees		2,975	
Transportation		12,289	
Training and development		4,980	
Membership fees		1,350	
Contractual services		1,877	
Dispatch services		11,471	
Telephone		7,527	
Supplies		7,577	
Insurance and bonds		58,347	
Office overhead		49,907	
PSB lease		90,458	
Printing and postage		30	
Utilities		9,336	
Repairs and maintenance		14,615	
Debt - principal		36,221	
Debt - interest		11,904	
DDA		1,626	
Grant		6,074	
Capital outlay		5,960	
Personnel allocation		(22,182)	
		<u>(22,182)</u>	
Total expenditures	<u>694,192</u>	<u>663,801</u>	<u>30,391</u>
Excess of revenues over (under) expenditures	(45,815)	(14,765)	31,050
OTHER FINANCING SOURCES			
Transfers in	<u>26,000</u>	<u>26,000</u>	
Net change in fund balance	(19,815)	11,235	31,050
FUND BALANCE, JULY 1, 2010	<u>382,546</u>	<u>382,546</u>	
FUND BALANCE, JUNE 30, 2011	<u>\$ 362,731</u>	<u>\$ 393,781</u>	<u>\$ 31,050</u>

FIRE TRUCK FUND

NORTHFIELD TOWNSHIP

**FIRE TRUCK FUND
BALANCE SHEET
JUNE 30, 2011**

ASSETS

ASSETS

Cash	\$ 818
Taxes receivable	<u>1,141</u>
Total assets	<u>\$ 1,959</u>

FUND BALANCE

FUND BALANCE	<u>\$ 1,959</u>
---------------------	------------------------

NORTHFIELD TOWNSHIP
FIRE TRUCK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011

REVENUES	\$
EXPENDITURES	
Miscellaneous	<u>4</u>
Net change in fund balance	(4)
FUND BALANCE, JULY 1, 2010	<u>1,963</u>
FUND BALANCE, JUNE 30, 2011	<u><u>\$ 1,959</u></u>

LAW ENFORCEMENT FUND

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

ASSETS

Cash and cash investments	\$ 71,854
Accounts receivable	7,399
Taxes receivable	159,556
Due from other funds	186,950
Prepaid expenditures	<u>3,693</u>
Total assets	<u><u>\$ 429,452</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 71,990
Accrued compensated absences	106,672
Advance from other funds	<u>17,229</u>
Total liabilities	\$ 195,891

FUND BALANCE

Nonspendable prepaid items	3,693
Restricted - law enforcement	<u>229,868</u>
Total fund balance	<u>233,561</u>
Total liabilities and fund balance	<u><u>\$ 429,452</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,424,442	\$
Fines and court fees		33,400	
Traffic tickets and impound fees		1,735	
Liquor law license fees		2,622	
Grant		7,500	
Interest		22	
Insurance reimbursements		10,955	
Charges for services		22,705	
	<u>1,498,200</u>	<u>1,503,381</u>	<u>5,181</u>
Total revenues			
	1,498,200	1,503,381	5,181
EXPENDITURES	<u>1,554,675</u>	<u>1,460,938</u>	<u>93,737</u>
Excess of revenues over (under) expenditures	(56,475)	42,443	98,918
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	3,000	3,380	380
Transfers in	21,350	21,350	
	<u>24,350</u>	<u>24,730</u>	<u>380</u>
Total other financings sources (uses)			
	24,350	24,730	380
Net change in fund balance	(32,125)	67,173	99,298
FUND BALANCE, JULY 1, 2010	<u>166,388</u>	<u>166,388</u>	
FUND BALANCE, JUNE 30, 2011	<u>\$ 134,263</u>	<u>\$ 233,561</u>	<u>\$ 99,298</u>

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Salaries	\$	\$ 709,141	\$
Payroll taxes		55,939	
Life insurance		8,080	
Unemployment		2,172	
Professional fees		54,054	
Pension		58,023	
Insurance - health		129,670	
Accountant		7,800	
Uniforms and gear		8,080	
Membership dues		1,149	
Printing and postage		981	
Transportation		27,786	
Insurance and bonds		42,855	
Repairs and maintenance		30,291	
Telephone		13,791	
Supplies		4,096	
Training and development		2,776	
Downtown Development Authority		3,636	
Office overhead		49,907	
PSB lease		90,458	
Contractual services		18,505	
Dispatch services		63,347	
Miscellaneous		90	
Capital outlay		29,310	
Personnel allocation		22,182	
Debt service - principal		24,064	
Debt service - interest		2,755	
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 1,554,675</u>	<u>\$ 1,460,938</u>	<u>\$ 93,737</u>

NARCOTICS FUND

NORTHFIELD TOWNSHIP

**NARCOTICS FUND
BALANCE SHEET
JUNE 30, 2011**

ASSETS

ASSETS

Cash and cash equivalents

\$ 20,439

FUND BALANCE

FUND BALANCE

Assigned - budget

\$ 2,600

Restricted - public safety

17,839

Total fund balance

\$ 20,439

NORTHFIELD TOWNSHIP

NARCOTICS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Forfeitures	\$ 25,500	\$ 14,950	\$ (10,550)
EXPENDITURES			
Public safety projects		3,301	
Capital outlay		765	
Total expenditures	<u>13,850</u>	<u>4,066</u>	<u>9,784</u>
Excess of revenues over (under) expenditures	11,650	10,884	(766)
OTHER FINANCING (USES)			
Transfers (out)	<u>(20,000)</u>	<u>(20,000)</u>	
Net change in fund balance	(8,350)	(9,116)	(766)
FUND BALANCE, JULY 1, 2010	<u>29,555</u>	<u>29,555</u>	
FUND BALANCE, JUNE 30, 2011	<u><u>\$ 21,205</u></u>	<u><u>\$ 20,439</u></u>	<u><u>\$ (766)</u></u>

FEDERAL NARCOTICS FUND

NORTHFIELD TOWNSHIP
FEDERAL NARCOTICS FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

ASSETS

Cash and cash equivalents

\$ 108

FUND BALANCE

FUND BALANCE

Restricted - public safety

\$ 108

NORTHFIELD TOWNSHIP
FEDERAL NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
JUNE 30, 2011

REVENUES	\$ 108
EXPENDITURES	<hr/>
Net change in fund balance	108
FUND BALANCE, JULY 1, 2010	<hr/>
FUND BALANCE, JUNE 30, 2011	<hr/> <hr/>

DOWNTOWN DEVELOPMENT AUTHORITY FUND

NORTHFIELD TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

ASSETS

Cash and cash equivalents	\$ 100,713	
Due from other funds	<u>15,036</u>	
Total assets		<u>\$ 115,749</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable		\$ 2,616
------------------	--	----------

FUND BALANCE

Assigned - budget	\$ 25,680	
Restricted - local improvement	<u>87,453</u>	
Total fund balance		<u>113,133</u>
Total liabilities and fund balance		<u>\$ 115,749</u>

NORTHFIELD TOWNSHIP

**DOWNTOWN DEVELOPMENT AUTHORITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 15,036	\$
Donations		1,600	
Interest		44	
	<u>38,100</u>	<u>16,680</u>	<u>(21,420)</u>
Total revenues			
EXPENDITURES			
Project fees		27,459	
Professional fees		2,105	
	<u>38,100</u>	<u>29,564</u>	<u>8,536</u>
Total expenditures			
Net change in fund balance		(12,884)	(12,884)
FUND BALANCE, JULY 1, 2010	<u>126,017</u>	<u>126,017</u>	
FUND BALANCE, JUNE 30, 2011	<u>\$ 126,017</u>	<u>\$ 113,133</u>	<u>\$ (12,884)</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Rental income	<u>\$ 271,375</u>	<u>\$ 271,375</u>	<u>\$</u>
EXPENDITURES			
Debt service			
Principal		145,000	
Interest/fees		<u>126,375</u>	
Total expenditures	<u>271,375</u>	<u>271,375</u>	
Net change in fund balance			
FUND BALANCE, JULY 1, 2010			
FUND BALANCE, JUNE 30, 2011	<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, 2011

ASSETS

ASSETS

Taxes receivable	\$ 34,285
Due from other funds	<u>39,749</u>
Total assets	<u>\$ 74,034</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Bank overdraft	\$ 2,567
Accounts payable	<u>11,146</u>
Total liabilities	\$ 13,713

FUND BALANCE

Restricted - debt	<u>60,321</u>
Total liabilities and fund balance	<u>\$ 74,034</u>

NORTHFIELD TOWNSHIP

**PUBLIC SAFETY BUILDING DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011**

REVENUES

Property taxes	\$ 296,926
Interest income	6

Total revenues

296,932

EXPENDITURES

Supplies	1,821
Cleaning services	6,170
Contracted services	4,167
Telephone	3,010
Insurance	12,795
Utilities	90,352
Repairs and maintenance	31,493
Bond - principal	175,000
Bond - interest	113,700
Bond - agent fees	300
Overhead allocation	(149,720)

Total expenditures

289,088

Net change in fund balance

7,844

FUND BALANCE, JULY 1, 2010

52,477

FUND BALANCE, JUNE 30, 2011

\$ 60,321

SEWAGE DISPOSAL SYSTEM FUND

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

CURRENT ASSETS

Cash, cash equivalents and investments	\$ 972,639	
Sewer billings receivable	372,532	
Interest receivable	14,301	
Due from other funds	81,382	
Prepaid expenses	<u>525</u>	
Total current assets		\$ 1,441,379

RESTRICTED ASSETS

Cash, cash equivalents and investments capital and debt	1,384,772	
Special assessments receivable	<u>1,760,918</u>	
Total restricted assets		3,145,690

PLANT, PROPERTY AND EQUIPMENT

Land	226,918	
Plant	2,229,393	
Plant expansion	11,332,596	
Equipment	<u>885,371</u>	
	14,674,278	
Less: accumulated depreciation	<u>(4,873,619)</u>	
Net plant, property, and equipment		<u>9,800,659</u>
Total assets		<u><u>\$ 14,387,728</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 18,823	
Accrued compensated absences	27,798	
Bonds payable - current portion	<u>565,000</u>	
Total current liabilities		\$ 611,621

LONG-TERM LIABILITIES

Bonds payable - less current portion		<u>3,385,000</u>
Total liabilities		3,996,621

NET ASSETS

Total liabilities and fund equity		<u><u>10,391,107</u></u>
		<u><u>\$ 14,387,728</u></u>

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

OPERATING REVENUES

User charges	\$ 1,260,164
--------------	--------------

OPERATING EXPENSES

Salaries and wages	\$	290,243
Payroll taxes		22,241
Hospitalization		66,302
Life insurance		3,782
Pension		26,497
Training and development		810
Testing		3,651
Operating supplies		51,763
Uniforms		4,361
Professional services		17,960
Membership and dues		1,893
Contracted services		13,315
Administration fees		35,000
Telephone		5,579
Transportation		2,990
Printing and postage		3,550
Insurance and bonds		25,476
Utilities		124,793
Repairs and maintenance		119,435
Equipment rental		1,126
Small equipment		699
Depreciation		333,876

Total operating expenses	<u>1,155,342</u>
---------------------------------	------------------

Operating income	104,822
-------------------------	---------

NON-OPERATING REVENUES AND (EXPENSES)

Post-employment health	306,920
Other income	8,633
Interest income - cash and equivalents	78,295
Interest - special assessments	108,482
Interest expense	(190,339)
Bond fees	(675)

Total non-operating revenues and (expenses)	<u>311,316</u>
--	----------------

Net (loss) before capital contributions	416,138
--	---------

CAPITAL CONTRIBUTIONS

Connection fees	<u>7,100</u>
-----------------	--------------

Change in net assets	423,238
-----------------------------	---------

NET ASSETS, JULY 1, 2010	<u>9,967,869</u>
---------------------------------	------------------

NET ASSETS, JUNE 30, 2010	<u><u>\$ 10,391,107</u></u>
----------------------------------	-----------------------------

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income		\$ 104,822
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities		
Depreciation	\$ 333,876	
Other income	8,633	
Changes in assets and liabilities		
(Increase) in sewer billings receivable	(29,544)	
(Increase in due from other funds)	(78,159)	
Decrease in prepaid expenses	4,812	
(Decrease) in accounts payable/accrued compensated absences	<u>(9,028)</u>	
Total adjustments		<u>230,590</u>
Net cash provided by operating activities		335,412

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

Special assessments received	291,682	
Interest fees paid on long-term bonds	(191,014)	
Acquisition of capital assets	(92,117)	
Repayment of principal on bonds	<u>(545,000)</u>	
Net cash (used in) capital and related financing activities		(536,449)

CASH FLOWS (USED IN) BY INVESTING ACTIVITIES

Interest on cash and cash equivalents	38,375	
Purchases of investments	<u>(145,519)</u>	
Net cash (used in) investing activities		<u>(107,144)</u>
Net decrease in cash and cash equivalents		(308,181)

CASH AND CASH EQUIVALENTS AT JULY 1, 2010	<u>810,062</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2011	<u><u>\$ 501,881</u></u>

CURRENT TAX COLLECTION FUND

NORTHFIELD TOWNSHIP
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

ASSETS	\$ 1,263,700
---------------	---------------------

LIABILITIES

LIABILITIES	
Due to other funds	\$ 449,754
Due to others	<u>813,946</u>
Total liabilities	<u>\$ 1,263,700</u>

TRUST AND AGENCY FUND

NORTHFIELD TOWNSHIP

**TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2011**

ASSETS

ASSETS

Cash and cash equivalents

\$ 118,470

LIABILITIES

LIABILITIES

\$ 118,470



PFEFFER ■ HANNIFORD ■ PALKA

Certified Public Accountants

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

Members:
AICPA Private Practice Companies Section
MACPA

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

October 20, 2011

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, 2011.

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. Sewer billing administrative fees should be documented annually to determine the proper charges.
2. Previously, we have commented about receipts being taken offsite for various departments. If possible, receipts should be taken at the Township hall to centralize this function.
3. 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.
4. During the audit process, we noted several issues with the tax collection/treasurers department process:
 - a. The Township did not settle their 2010 tax collection with the County in a timely manner. During the audit it was discovered the settlement that was agreed upon was not accurate.
 - 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. There were numerous reconciling items that needed resolution from the treasurer's office which never occurred.
5. 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.
6. Some payments were being made for Township expenses by automatic electronic withdrawal. We recommend the Township implements an ACH policy allowing this practice.
7. The Township may wish to continue efforts to ensure all users in the utility districts are being billed.

The Township's largest utility user has had meter issues in the past, and their bills were estimated. Now that the meter has been replaced, the sewer billings have fluctuated immensely each quarter. These fluctuations should continue to be investigated so that the billings reflect their actual usage.

Northfield Township

8. Fuel purchases are paid from a vendor statement. The fuel tickets should be matched up with the statement to ensure proper authorization for purchases.
9. The personal time off/vacation schedules that are maintained and followed by the Township are not consistent with what is adopted in the employee personnel manual. The manual should be amended or followed according to the Township Board's approval.

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