

October 22, 2012

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, 2012, 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, 2012, 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 47 through 50 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

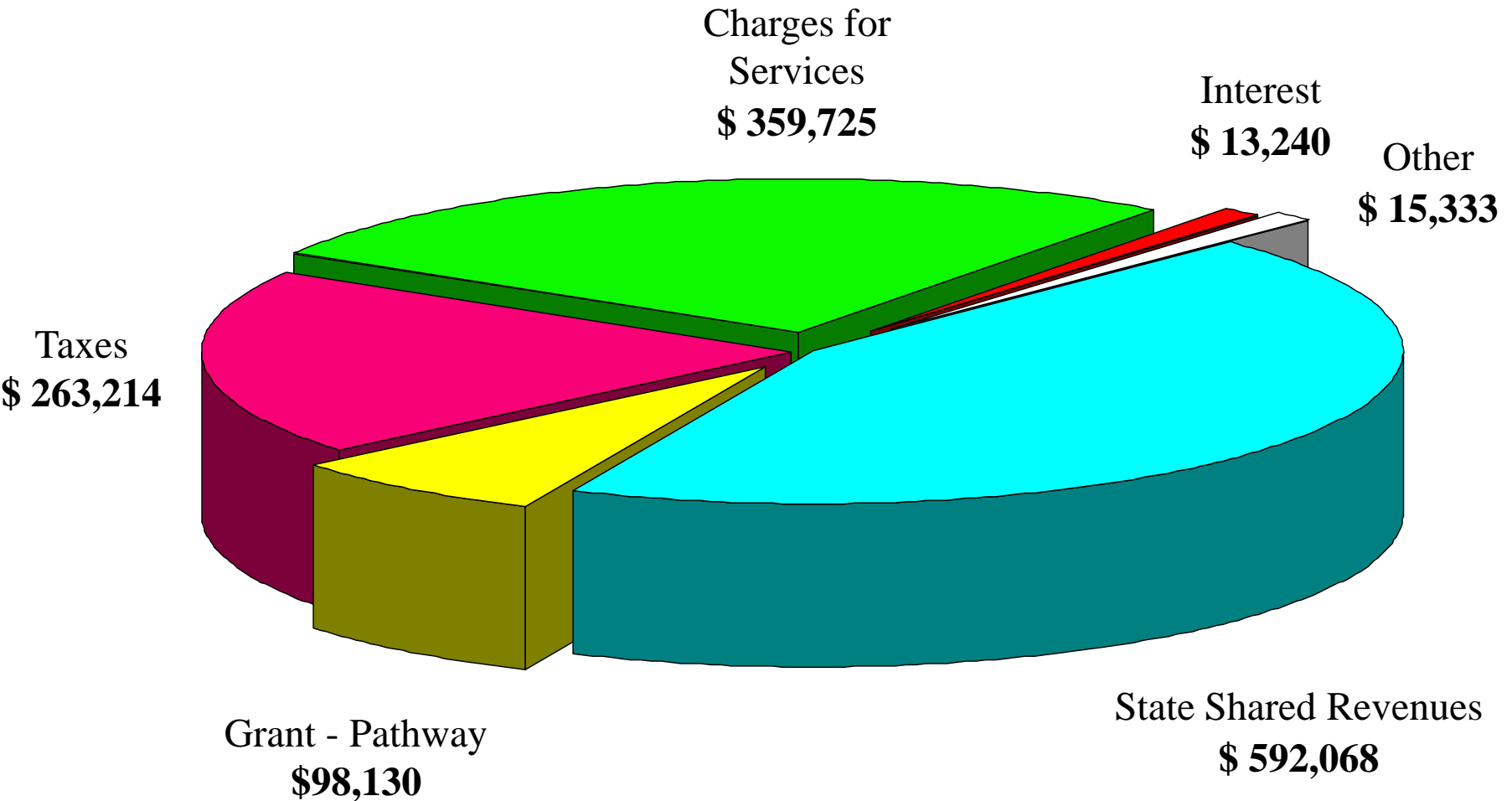
June 30, 2012



PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

BRIGHTON, MICHIGAN

**Northfield Township
General Fund Revenues
For The Year Ended June 30, 2012**

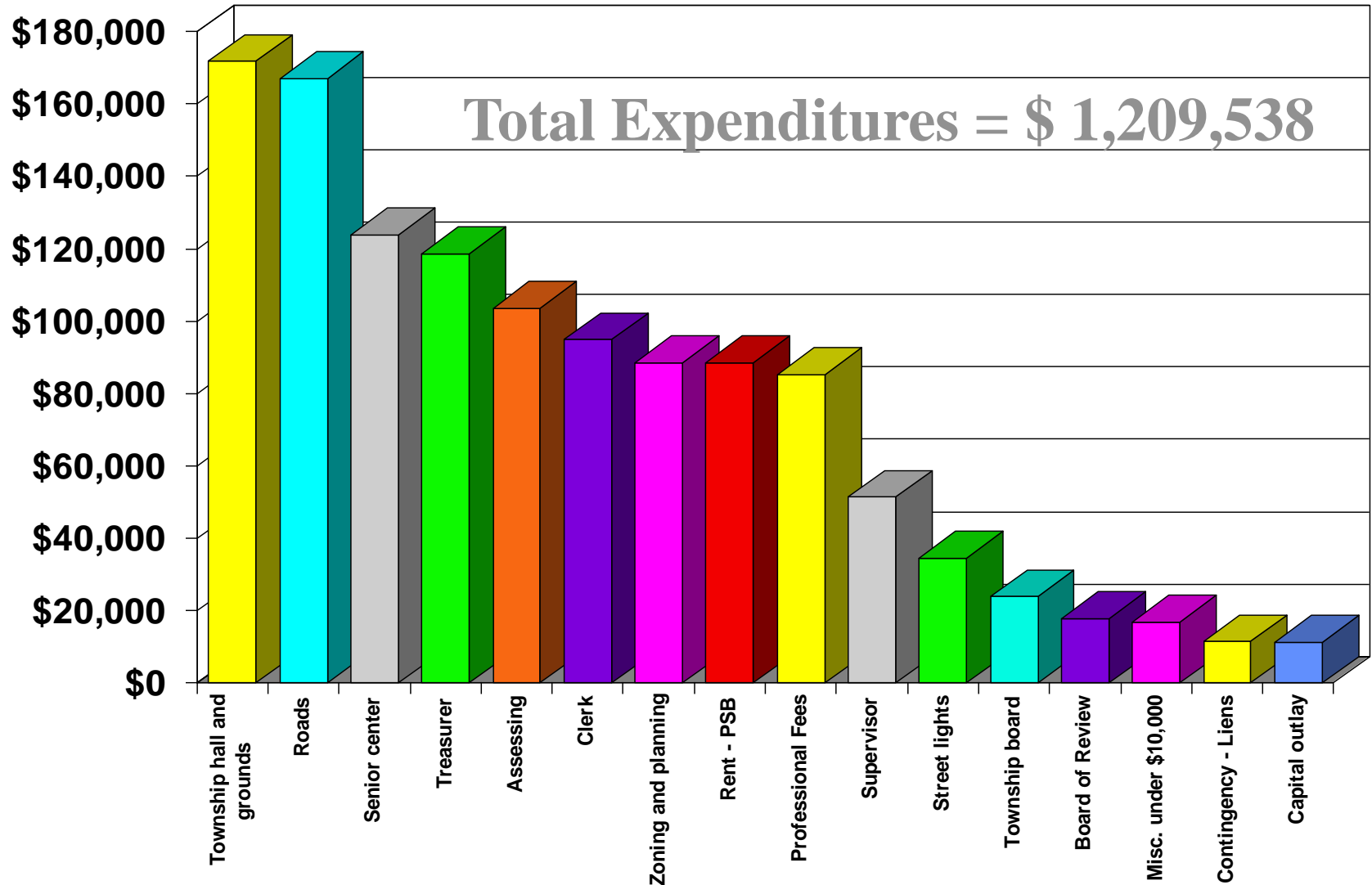


Total Revenues = \$ 1,341,710

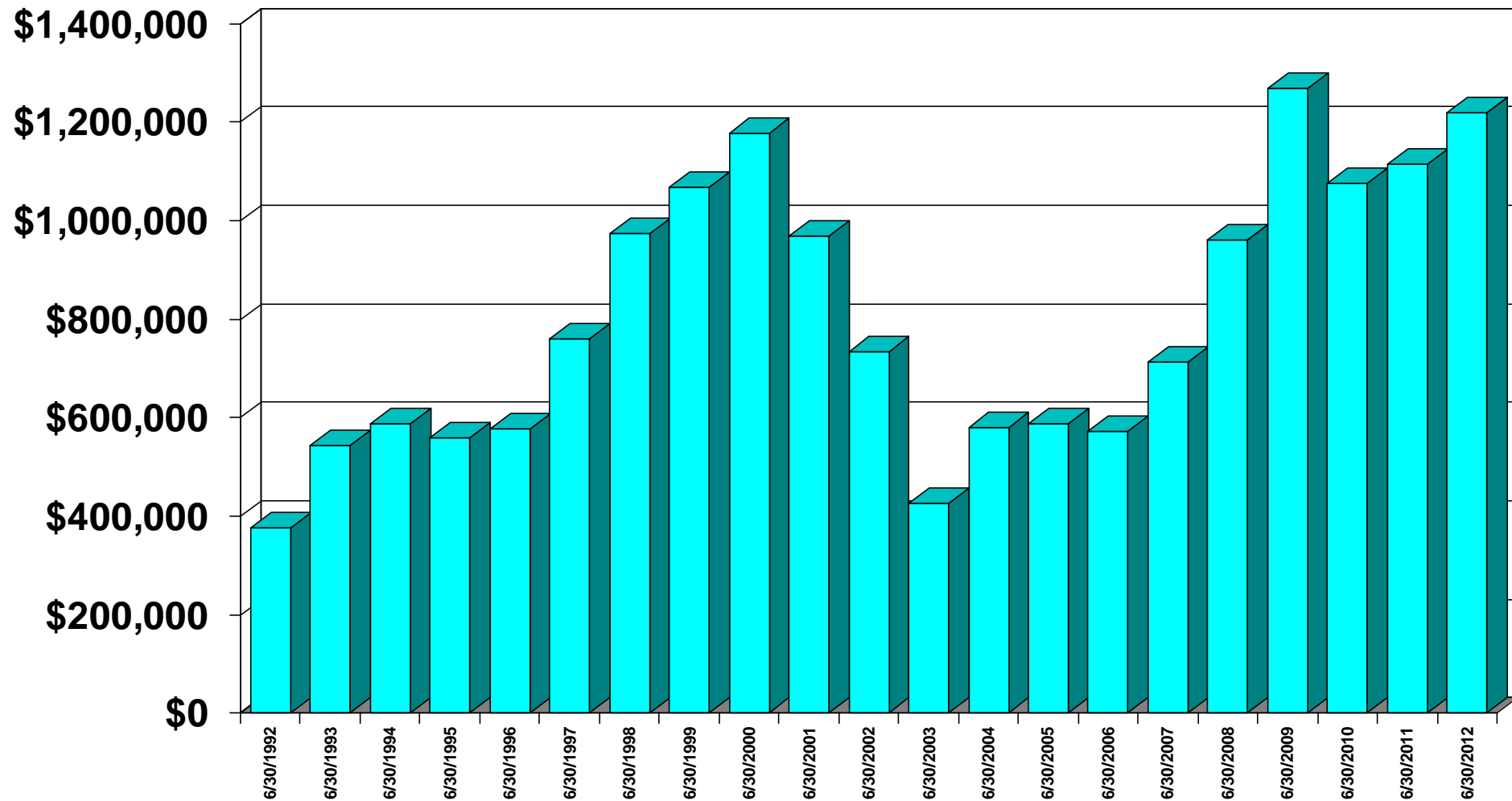
Northfield Township

General Fund Expenditures

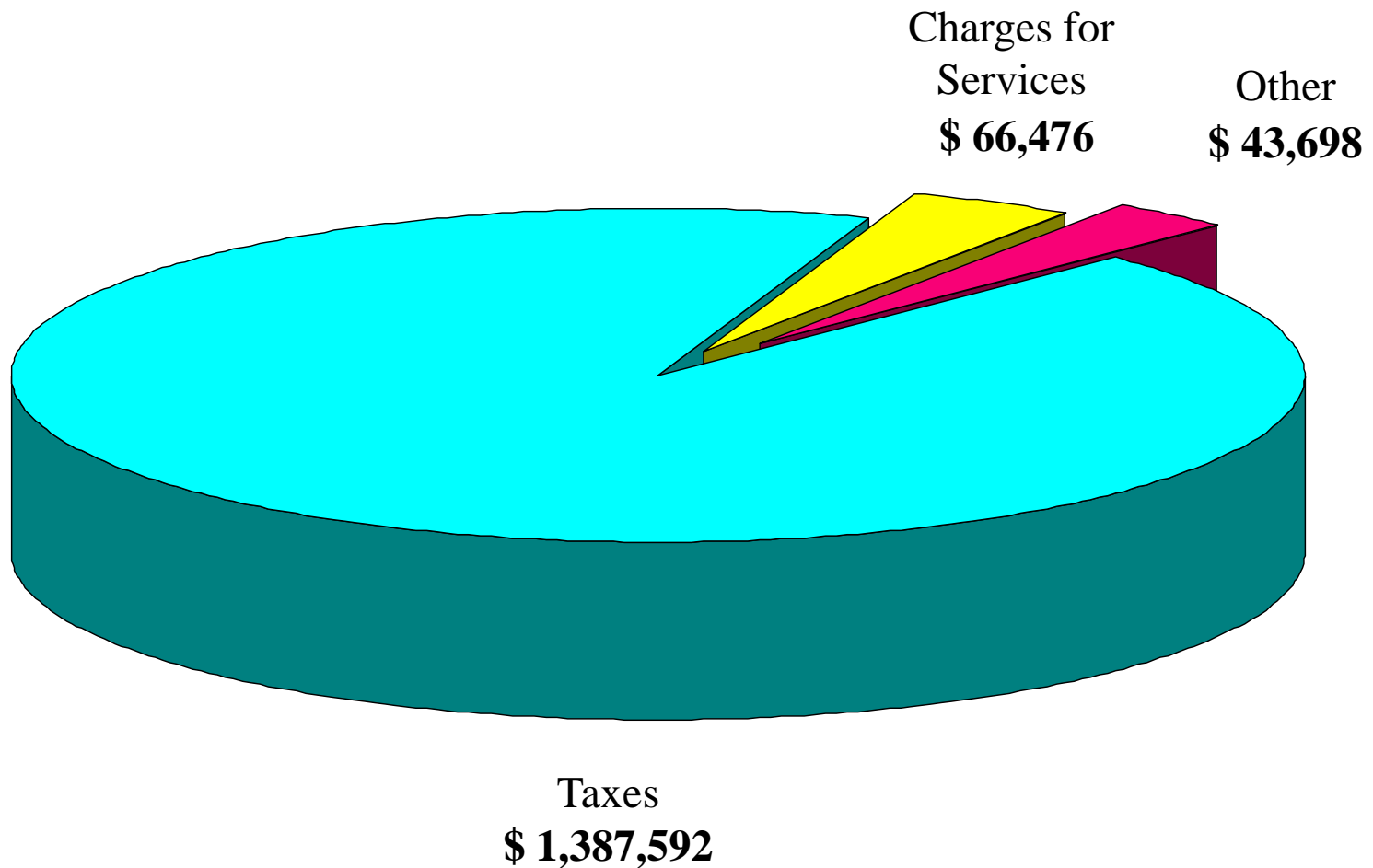
For The Year Ended June 30, 2012



Northfield Township
General Fund
Fund Balance Comparison
June 30, 1992 - June 30, 2012



Northfield Township
Law Enforcement Fund Revenues
For The Year Ended June 30, 2012

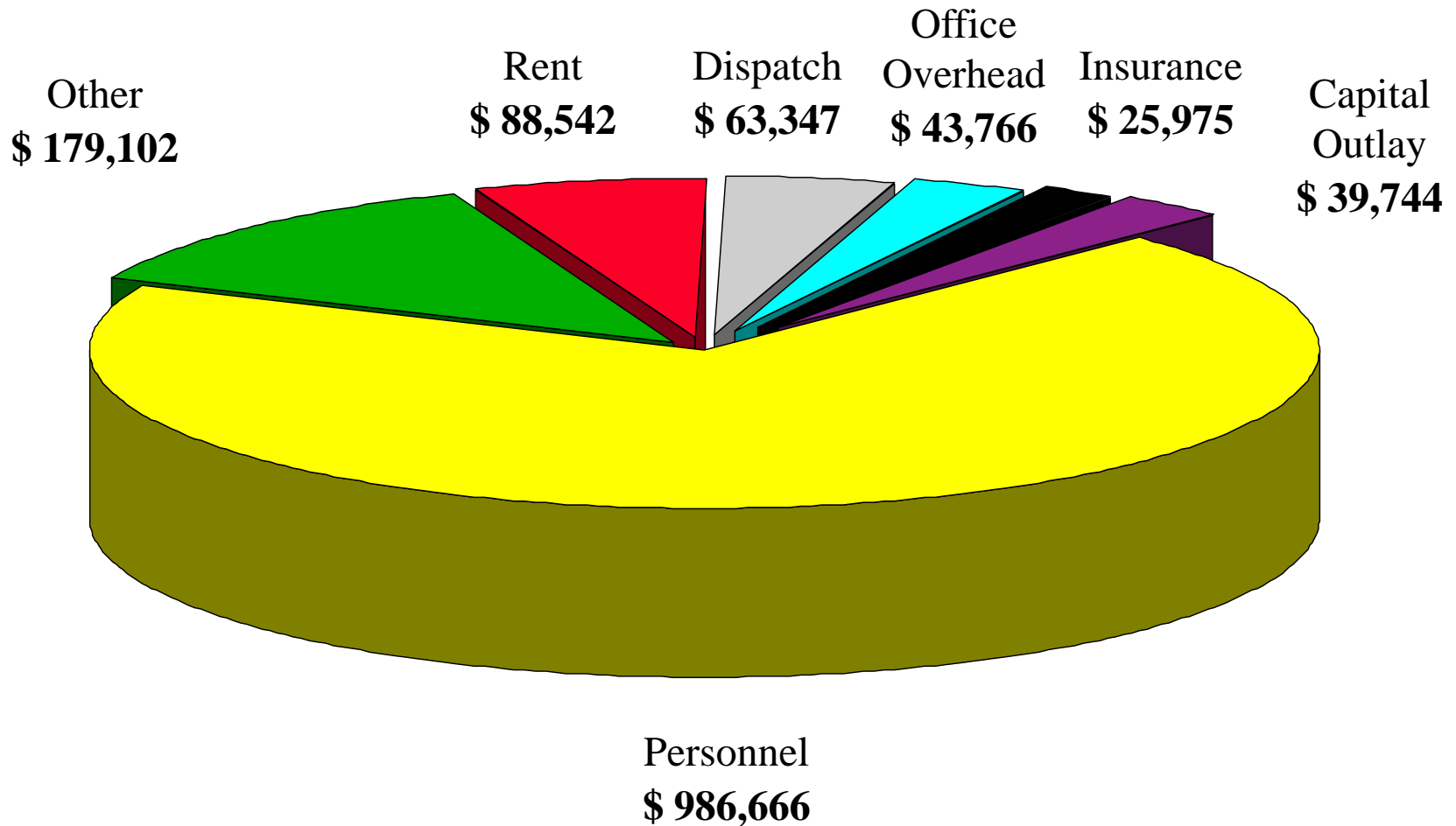


Total Revenues = \$ 1,497,766

Northfield Township

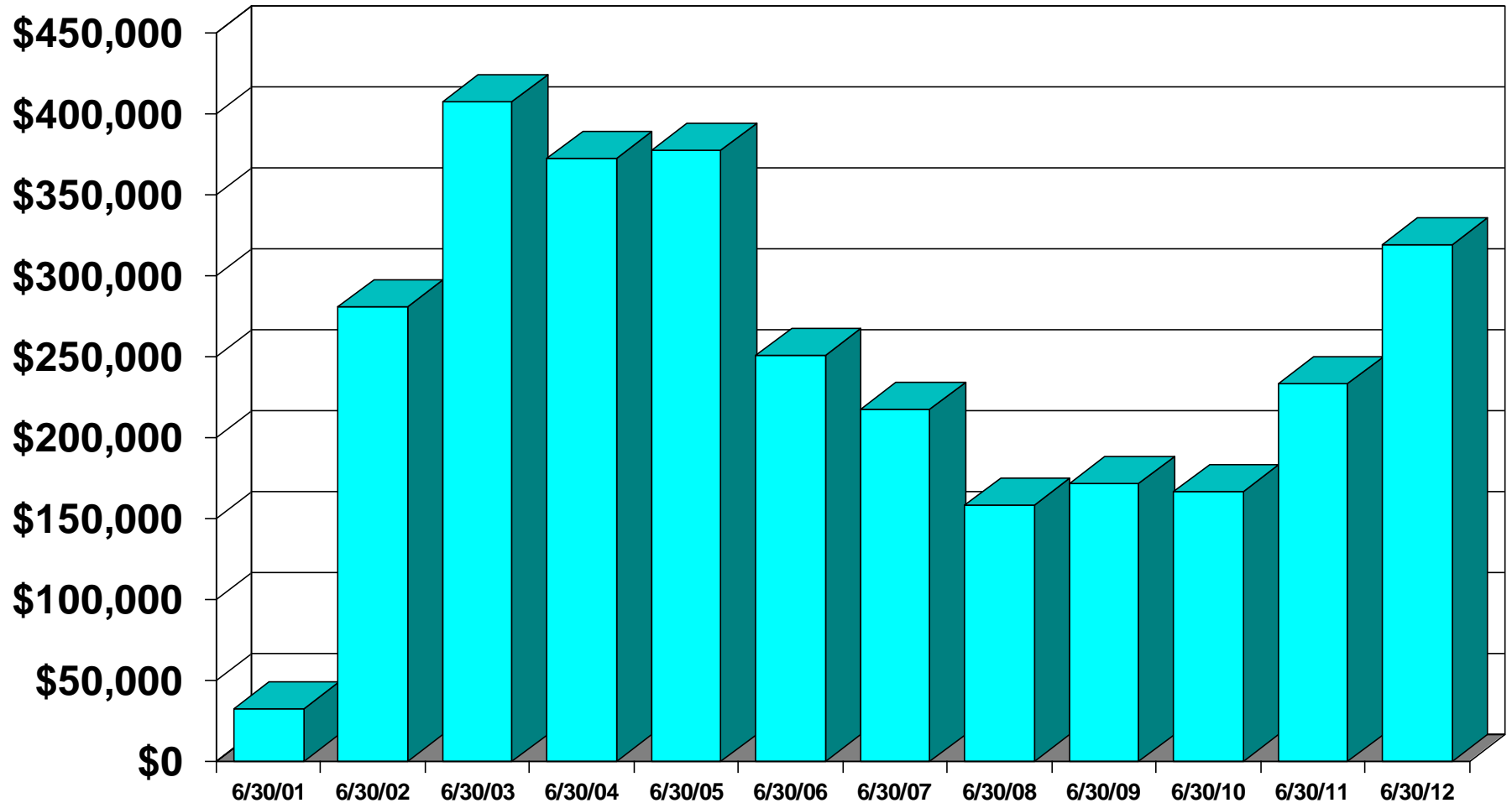
Law Enforcement Fund Expenditures

For The Year Ended June 30, 2012

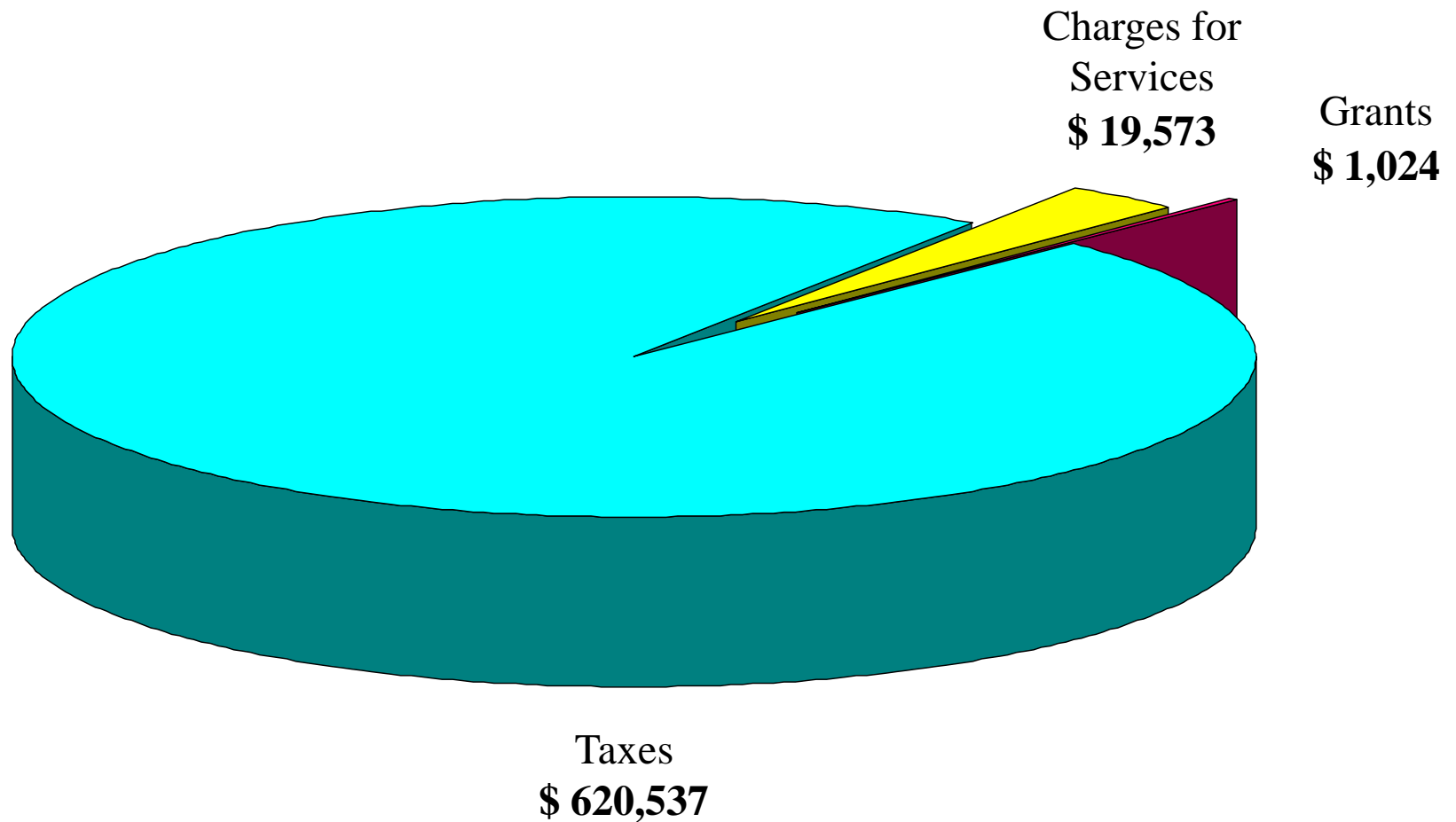


Total Expenditures = \$ 1,427,142

Northfield Township
Law Enforcement Fund
Fund Balance Comparison
June 30, 2001 - June 30, 2012

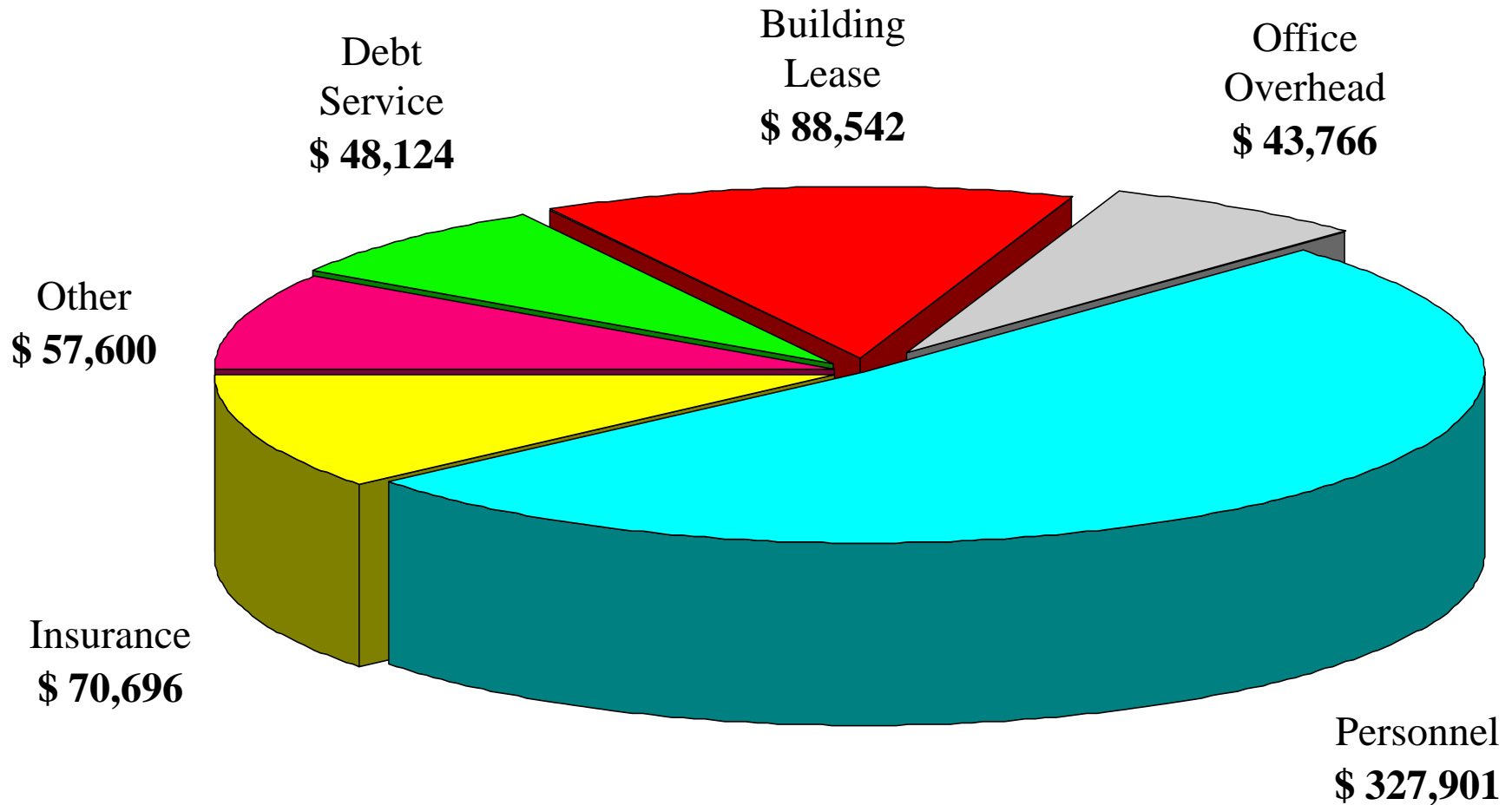


Northfield Township
Fire Fund Revenues
For The Year Ended June 30, 2012



Total Revenues = \$ 641,134

**Northfield Township
Fire Fund Expenditures
For The Year Ended June 30, 2012**



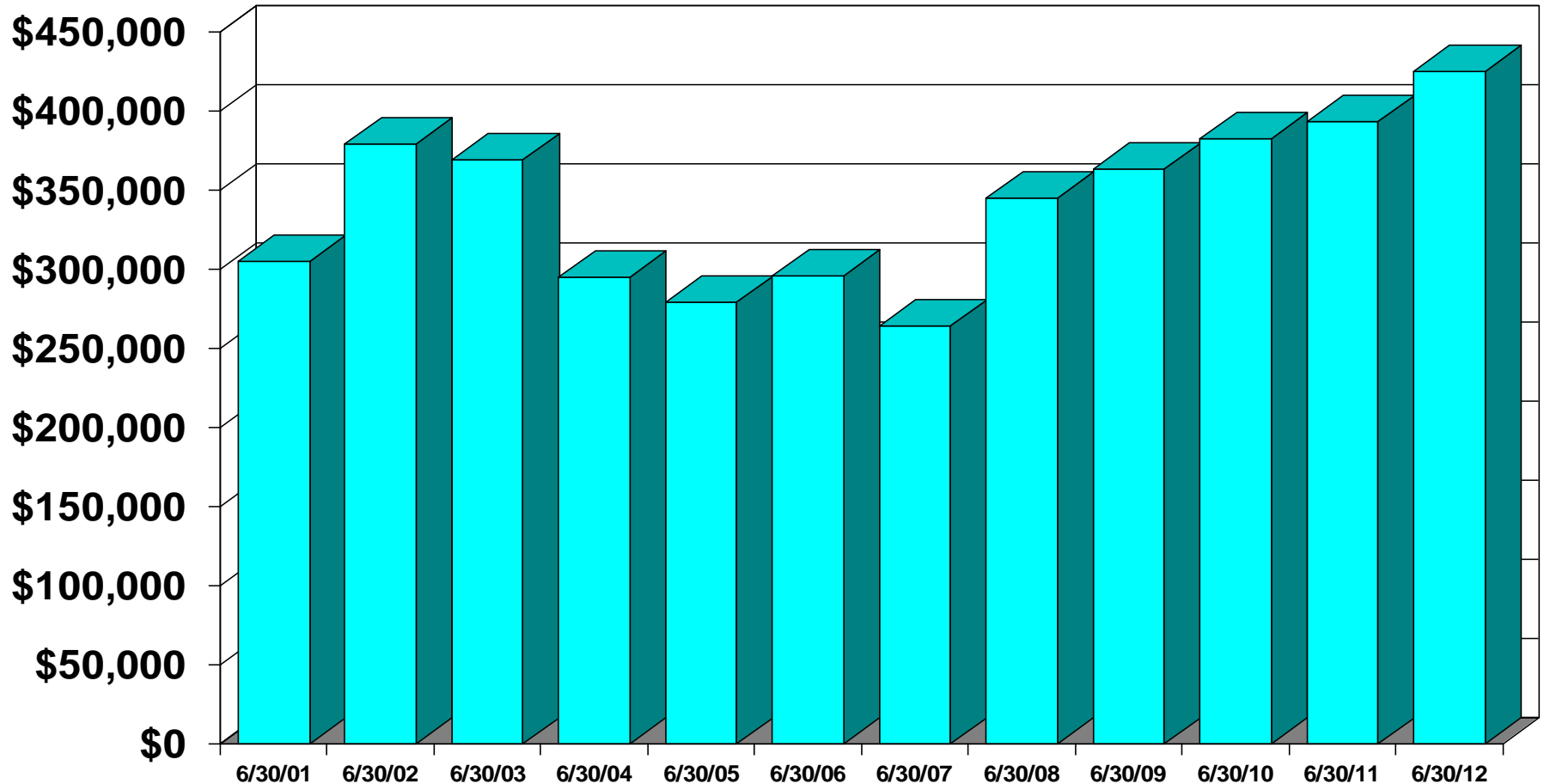
Total Expenditures = \$ 636,629

Northfield Township

Fire Fund

Fund Balance Comparison

June 30, 2001 - June 30, 2012



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, 2012

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	47
---	----

FIRE FUND

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

LAW ENFORCEMENT FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	49
---	----

SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED)

50

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

Combining Balance Sheet - All Special Revenue Funds	53
Combining Balance Sheet - All Agency Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Debt Service Funds	56

TABLE OF CONTENTS

PAGE NUMBER

INDIVIDUAL FUNDS

GENERAL FUND

Balance Sheet	59
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60
Statement of Revenues - Budget and Actual	61
Statement of Expenditures - Budget and Actual	62

BUILDING DEPARTMENT FUND

Balance Sheet	67
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	68

FIRE FUND

Balance Sheet	70
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	71

FIRE TRUCK FUND

Balance Sheet	73
Statement of Revenues, Expenditures and Changes in Fund Balance	74

LAW ENFORCEMENT FUND

Balance Sheet	76
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	77
Statement of Expenditures - Budget and Actual	78

NARCOTICS FUND

Balance Sheet	80
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	81

FEDERAL NARCOTICS FUND

Balance Sheet	83
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	84

DOWNTOWN DEVELOPMENT AUTHORITY FUND

Balance Sheet	86
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	87

BUILDING AUTHORITY DEBT SERVICE FUND

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	89
---	----

PUBLIC SAFETY BUILDING DEBT SERVICE FUND

Balance Sheet	91
Statement of Revenues, Expenditures and Changes in Fund Balance	92

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
SEWAGE DISPOSAL SYSTEM FUND	
Balance Sheet	94
Statement of Revenues and Expenses	95
Statement of Cash Flows	96
CURRENT TAX COLLECTION FUND	
Balance Sheet	98
TRUST AND AGENCY FUND	
Balance Sheet	100
PAYROLL FUND	
Balance Sheet	102

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

June 30, 2012

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, 2012. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary 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 \$15,089,785. This is a \$644,191 increase over last year's net assets of \$14,445,594. This increase is typical for the Township.

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	
	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Assets						
Current and other assets	\$ 2,616,708	\$ 2,213,113	\$ 4,346,824	\$ 4,587,069	\$ 6,963,532	\$ 6,800,182
Capital assets	7,349,851	7,517,030	9,506,352	9,800,659	16,856,203	17,317,689
Total assets	<u>9,966,559</u>	<u>9,730,143</u>	<u>13,853,176</u>	<u>14,387,728</u>	<u>23,819,735</u>	<u>24,117,871</u>
Liabilities						
Other liabilities	325,482	265,468	27,633	46,621	353,115	312,089
Long-term liabilities	4,991,835	5,410,188	3,385,000	3,950,000	8,376,835	9,360,188
Total liabilities	<u>5,317,317</u>	<u>5,675,656</u>	<u>3,412,633</u>	<u>3,996,621</u>	<u>8,729,950</u>	<u>9,672,277</u>
Net assets:						
Invested in capital assets, net of debt	2,358,016	2,122,489	6,121,352	5,850,659	8,479,368	7,973,148
Restricted			3,077,509	3,145,690	3,077,509	3,145,690
Unrestricted	2,291,226	1,931,998	1,241,682	1,394,758	3,532,908	3,326,756
Total net assets	<u>\$ 4,649,242</u>	<u>\$ 4,054,487</u>	<u>\$ 10,440,543</u>	<u>\$ 10,391,107</u>	<u>\$ 15,089,785</u>	<u>\$ 14,445,594</u>

Summary of Changes in Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Revenues:						
Program revenues:						
Charges for services	\$ 615,395	\$ 392,151	\$ 1,122,630	\$ 1,260,164	\$ 1,738,025	\$ 1,652,315
Operating grants and contributions	10,948	25,849			10,948	25,849
Capital grants and contributions	98,130		28,400	7,100	126,530	7,100
General revenues:						
State shared revenues	592,068	556,249			592,068	556,249
Property taxes	2,585,926	2,644,819			2,585,926	2,644,819
Interest	13,240	16,834	220,912	186,777	234,152	203,611
Other	363,196	360,138		8,633	363,196	368,771
Sale of capital assets	93	4,078			93	4,078
Total revenues and transfers	<u>4,278,996</u>	<u>4,000,118</u>	<u>1,371,942</u>	<u>1,462,674</u>	<u>5,650,938</u>	<u>5,462,792</u>
Expenses						
General government	933,801	904,381			933,801	904,381
Fire protection	771,653	800,101			771,653	800,101
Police protection	1,500,416	1,514,152			1,500,416	1,514,152
Senior center/community development	161,389	143,758			161,389	143,758
Public works/roads	81,051	125,560			81,051	125,560
Interest on long-term debt	235,931	255,046			235,931	255,046
Sewer system			1,322,506	1,346,356	1,322,506	1,346,356
Total expenses	<u>3,684,241</u>	<u>3,742,998</u>	<u>1,322,506</u>	<u>1,346,356</u>	<u>5,006,747</u>	<u>5,089,354</u>
Changes in net assets before special item	594,755	257,120	49,436	116,318	644,191	373,438
Special item - post retirement health		576,138		306,920		883,058
Changes in net assets	594,755	833,258	49,436	423,238	644,191	1,256,496
Beginning net assets	4,054,487	3,221,229	10,391,107	9,967,869	14,445,594	13,189,098
Ending net assets	<u>\$ 4,649,242</u>	<u>\$ 4,054,487</u>	<u>\$ 10,440,543</u>	<u>\$ 10,391,107</u>	<u>\$ 15,089,785</u>	<u>\$ 14,445,594</u>

Financial Analysis of the Township's Funds

The Township's General Fund had revenues over expenditures totaling \$132,172. 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 like last year. The Law Enforcement Fund had revenues over expenditures primarily due to inspection fees charged.

The Township's sole proprietary fund, the Sewage Disposal System Fund, reported net income of \$49,436. The increases are due to similar operating costs and lower sewer revenues.

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 \$32,138. 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 \$140,028 of capital assets. Acquisitions included one new police cruiser and project costs incurred on the non-motorized path.

The governmental funds issued no new debt during the year while retiring \$418,353 of previously outstanding debt. Total debt of \$4,991,835 was outstanding as of June 30, 2012.

The business-type fund issued no new debt during the year, but has retired \$565,000 of previously existing debt. Total debt of \$3,385,000 was outstanding as of June 30, 2012.

Economic Conditions and Future Activities

After several years of decreases in which the Township experienced a drop from \$590,000 in 2007 to a low of \$524,000 in 2010 the Township has experienced two years of continued growth in state revenue sharing bringing them back to 2007 levels and anticipates the trend to continue into the next year where projections exceed \$600,000.

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, 2012**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>ASSETS</u>			
ASSETS			
Cash, cash equivalents and investments	\$ 2,305,525	\$ 927,317	\$ 3,232,842
Cash, cash equivalents and investments - restricted		1,695,775	1,695,775
Receivables			
Taxes	28,968		28,968
State shared revenues	100,770		100,770
Accounts	86,226	326,633	412,859
Interest	4,236	9,925	14,161
Special assessments - restricted		1,381,734	1,381,734
Prepaid expenses	42,770	5,440	48,210
Land contract receivable			
Current	3,214		3,214
Non-current	44,999		44,999
Capital assets, not being depreciated			
Non-depreciated	324,070	226,918	550,988
Depreciated, net	7,025,781	9,279,434	16,305,215
Total assets	9,966,559	13,853,176	23,819,735
<u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	174,598	10,712	185,310
Accrued compensated absences	150,884	16,921	167,805
Non-current liabilities			
Due within one year	420,453	555,000	975,453
Due beyond one year	4,571,382	2,830,000	7,401,382
Total liabilities	5,317,317	3,412,633	8,729,950
<u>NET ASSETS</u>			
NET ASSETS			
Invested in capital assets, net of related debt	2,358,016	6,121,352	8,479,368
Restricted for debt and capital		3,077,509	3,077,509
Unrestricted	2,291,226	1,241,682	3,532,908
Total net assets	\$ 4,649,242	\$ 10,440,543	\$ 15,089,785

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

NORTHFIELD TOWNSHIP

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

<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	\$ (933,801)	\$ 270,561	\$ 1,000	\$
Fire protection	(771,653)	19,573	1,024	
Police protection	(1,500,416)	269,952	4,194	
Community development	(30,027)		4,730	
Senior center/recreation	(131,362)	55,309		
Public works/roads	(81,051)			98,130
Interest on long-term debt	(235,931)			
Total governmental activities	<u>(3,684,241)</u>	<u>615,395</u>	<u>10,948</u>	<u>98,130</u>
BUSINESS-TYPE ACTIVITIES				
Sewer system	<u>(1,322,506)</u>	<u>1,122,630</u>		<u>28,400</u>
Total	<u><u>\$ (5,006,747)</u></u>	<u><u>\$ 1,738,025</u></u>	<u><u>\$ 10,948</u></u>	<u><u>\$ 126,530</u></u>

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

Net assets, July 1, 2011

Net assets, June 30, 2012

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

Net (Expenses) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (662,240)	\$	\$ (662,240)
(751,056)		(751,056)
(1,226,270)		(1,226,270)
(25,297)		(25,297)
(76,053)		(76,053)
17,079		17,079
(235,931)		(235,931)
<u>(2,959,768)</u>		<u>(2,959,768)</u>
	(171,476)	(171,476)
<u>(2,959,768)</u>	<u>(171,476)</u>	<u>(3,131,244)</u>
2,585,926		2,585,926
592,068		592,068
13,240	120,962	134,202
	99,950	99,950
83,238		83,238
275,901		275,901
4,057		4,057
93		93
<u>3,554,523</u>	<u>220,912</u>	<u>3,775,435</u>
594,755	49,436	644,191
<u>4,054,487</u>	<u>10,391,107</u>	<u>14,445,594</u>
<u>\$ 4,649,242</u>	<u>\$ 10,440,543</u>	<u>\$ 15,089,785</u>

FUND FINANCIAL STATEMENTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

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

Non-major Funds	Totals
\$ 355,575	\$ 2,305,525
	4,236
3,481	28,968
	100,770
	38,111
	48,213
6,906	82,387
	42,770
<u>\$ 365,962</u>	<u>\$ 2,650,980</u>
\$ 12,127	\$ 168,929
11,036	150,884
15,000	34,272
	5,669
<u>38,163</u>	<u>359,754</u>
	42,770
	48,213
23,636	23,636
1,432	425,443
147,713	462,353
93,436	93,436
61,582	61,582
	17,670
	1,116,123
<u>327,799</u>	<u>2,291,226</u>
<u>\$ 365,962</u>	<u>\$ 2,650,980</u>

NORTHFIELD TOWNSHIP

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

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

Total fund balance per balance sheet	\$ 2,291,226
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Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds.

Historical cost	\$ 10,609,397
Accumulated depreciation	<u>(3,259,546)</u>

Capital assets net of accumulated depreciation	7,349,851
---	------------------

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>(4,991,835)</u>
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Net assets of governmental activities	<u><u>\$ 4,649,242</u></u>
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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, 2012**

	General Fund	Fire Fund	Law Enforcement Fund
REVENUES			
Taxes	\$ 263,214	\$ 620,537	\$ 1,387,592
State shared revenues	592,068		
Grant income	98,130		
Licenses and permits			2,681
Contributions	1,000	1,024	1,513
Rental income	10,276		
Franchise fees	83,238		
Charges for services	276,487	19,573	66,476
Fines and forfeitures			39,504
Interest	13,240		
Miscellaneous	4,057		
Total revenues	<u>1,341,710</u>	<u>641,134</u>	<u>1,497,766</u>
EXPENDITURES			
Current:			
General government	863,987		
Fire rescue		588,505	
Police protection			1,360,063
Senior citizens/recreation	123,789		
Community development	5,600		
Public works	90,201		
Debt service:			
Principal		37,953	25,400
Interest/fees		10,171	1,935
Capital outlay:			
General government	11,391		
Fire rescue			
Police protection			39,744
Public works	114,570		
Total expenditures	<u>1,209,538</u>	<u>636,629</u>	<u>1,427,142</u>
Excess of revenues over (under) expenditures	<u>132,172</u>	<u>4,505</u>	<u>70,624</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets			
Transfers in		27,155	15,000
Transfers (out)	(27,155)		
Total other financing sources (uses)	<u>(27,155)</u>	<u>27,155</u>	<u>15,000</u>
Net changes in fund balances	105,017	31,660	85,624
FUND BALANCE, JULY 1, 2011	<u>1,113,784</u>	<u>393,781</u>	<u>233,561</u>
FUND BALANCE, JUNE 30, 2012	<u><u>\$ 1,218,801</u></u>	<u><u>\$ 425,441</u></u>	<u><u>\$ 319,185</u></u>

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

Non-major Funds	Total
\$ 314,583	\$ 2,585,926
	592,068
	98,130
	2,681
4,730	8,267
265,625	275,901
	83,238
49,383	411,919
163,972	203,476
	13,240
	4,057
<u>798,293</u>	<u>4,278,903</u>
46,428	910,415
527	589,032
2,016	1,362,079
	123,789
24,427	30,027
	90,201
345,000	408,353
223,825	235,931
	11,391
24,790	64,534
	114,570
<u>667,013</u>	<u>3,940,322</u>
<u>131,280</u>	<u>338,581</u>
5,000	5,000
	42,155
<u>(15,000)</u>	<u>(42,155)</u>
<u>(10,000)</u>	<u>5,000</u>
121,280	343,581
206,519	1,947,645
<u>\$ 327,799</u>	<u>\$ 2,291,226</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, 2012**

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

Net change in fund balances - governmental funds	\$ 343,581
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which depreciation exceeded capital outlays is as follows:

Capital outlay	\$ 140,028	
Depreciation expense	<u>(302,300)</u>	
Total		(162,272)

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	73,353	
Bonds payable	<u>345,000</u>	
Total		418,353

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	<u>(4,907)</u>
Change in net assets of governmental activities	<u><u>\$ 594,755</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, 2012**

ASSETS

Sewage Disposal System Fund

CURRENT ASSETS

Cash, cash equivalents and investments	\$ 927,317	
Sewer billings receivable	314,550	
Interest receivable	9,925	
Due from other funds	12,083	
Prepaid expenses	<u>5,440</u>	
Total current assets		\$ 1,269,315

RESTRICTED ASSETS

Cash, cash equivalents and investments - capital and debt	1,695,775	
Special assessments receivable - capital and debt	<u>1,381,734</u>	
Total restricted assets		3,077,509

PLANT, PROPERTY AND EQUIPMENT

Non-depreciated	226,918	
Depreciated, net	<u>9,279,434</u>	
Net plant, property, and equipment		<u>9,506,352</u>
Total assets		<u>13,853,176</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	10,712	
Accrued compensated absences	16,921	
Contracts payable - current portion	<u>555,000</u>	
Total current liabilities		582,633

LONG-TERM LIABILITIES

Contracts payable - less current portion		<u>2,830,000</u>
Total liabilities		<u>3,412,633</u>

NET ASSETS

NET ASSETS

Invested in capital assets, net of related debt	6,121,352	
Restricted for capital and debt	3,077,509	
Unrestricted	<u>1,241,682</u>	
Total net assets		<u>\$ 10,440,543</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, 2012**

	<u>Sewage Disposal System Fund</u>
OPERATING REVENUES	
User charges	\$ 1,122,630
OPERATING EXPENSES	
Salaries and wages	\$ 273,915
Employee benefits/payroll taxes	118,065
Depreciation	331,269
Other operating expenses	<u>430,198</u>
Total operating expenses	<u>1,153,447</u>
Operating income	(30,817)
NON-OPERATING REVENUES AND (EXPENSES)	
Interest income - cash and equivalents	120,962
Interest income - special assessments	99,950
Interest expense	(167,751)
Bond fees	<u>(1,308)</u>
Total non-operating revenues and (expenses)	<u>51,853</u>
Net income before capital contributions	21,036
CAPITAL CONTRIBUTIONS	
Connection fees	<u>28,400</u>
Change in net assets	49,436
NET ASSETS, JULY 1, 2011	<u>10,391,107</u>
NET ASSETS, JUNE 30, 2012	<u><u>\$ 10,440,543</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, 2012

	<u>Sewage Disposal System Fund</u>
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Cash received from users	\$ 1,180,612
Cash payments to employees	(284,792)
Cash payments to suppliers	(561,289)
Cash receipts from other funds, net	<u>69,299</u>
Net cash provided by operating activities	403,830
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection fees received	\$ 28,400
Special assessments received	479,134
Interest/fees on long-term bonds	(169,059)
Acquisition of capital assets	(36,962)
Repayment of principal on bonds/contracts	<u>(565,000)</u>
Net cash (used in) capital and related financing activities	(263,487)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	
Interest on cash and cash equivalents	120,962
Sale of investments	<u>28,001</u>
Net cash provided by investing activities	<u>148,963</u>
Net increase in cash and cash equivalents	289,306
CASH AND CASH EQUIVALENTS AT, JULY 1, 2011	<u>501,881</u>
CASH AND CASH EQUIVALENTS AT, JUNE 30, 2012	<u><u>\$ 791,187</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating (loss)	\$ (30,817)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 331,269
Change in assets and liabilities:	
Decrease in sewer billings receivable	57,982
Decrease in due from other funds	69,299
(Increase) in prepaid expenses	(4,915)
(Decrease) in accounts payable/accrued compensated absences	<u>(18,988)</u>
Total adjustments	<u>434,647</u>
Net cash provided by operating activities	<u><u>\$ 403,830</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, 2012

	<u>Current Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Payroll Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 222,111	\$ 59,579	\$ 11,513	\$ 293,203
Due from other funds	1,539	8,991		10,530
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 223,650</u></u>	<u><u>\$ 68,570</u></u>	<u><u>\$ 11,513</u></u>	<u><u>\$ 303,733</u></u>
 <u>LIABILITIES</u>				
LIABILITIES				
Due to other funds	\$ 58,864	\$ 3,300	\$ 8,564	\$ 70,728
Due to others	164,786		2,949	167,735
Performance deposits		65,270		65,270
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u><u>\$ 223,650</u></u>	<u><u>\$ 68,570</u></u>	<u><u>\$ 11,513</u></u>	<u><u>\$ 303,733</u></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, 20102

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, 2012

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.

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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".

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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, 2012, expenditures exceeded appropriations in five functional activities.

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 2011 adjusted taxable value of the Township totaled \$323,287,721. The Township levied the following millages during the current fiscal year ended June 30, 2012:

General Township	.7997
Fire	1.9240
Police	4.3022
Public safety building	<u>.9754</u>
Total millage	<u>8.0013</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.

H. INVESTMENTS

Investments are stated at cost.

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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, 2012

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, 2012, 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, 2012 was \$48,213.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2012 was as follows:

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 312,630	\$	\$	\$ 312,630
Construction in progress	34,015	11,440	(34,015)	11,440
Total cost - assets not being depreciated	<u>346,645</u>	<u>11,440</u>	<u>(34,015)</u>	<u>324,070</u>
Capital assets being depreciated:				
Buildings	8,108,408	136,295		8,244,703
Equipment	2,138,084	26,308	123,768	2,040,624
Total cost (B)	<u>10,246,492</u>	<u>162,603</u>	<u>123,768</u>	<u>10,285,327</u>
Less accumulated depreciation for:				
Buildings	(1,537,761)	(166,005)		(1,703,766)
Equipment	(1,538,346)	(136,295)	(118,861)	(1,555,780)
Total accumulated depreciation	<u>(3,076,107)</u>	<u>(302,300)</u>	<u>(118,861)</u>	<u>(3,259,546)</u>
Capital assets being depreciated, net	<u>7,170,385</u>	<u>(139,697)</u>	<u>4,907</u>	<u>7,025,781</u>
Governmental activities capital assets, net	<u>\$ 7,517,030</u>	<u>\$ (128,257)</u>	<u>\$ (29,108)</u>	<u>\$ 7,349,851</u>
Related long-term debt outstanding at June 30, 2012				<u>(4,991,835)</u>
Governmental activities capital assets, net of related long-term debt				<u>\$ 2,358,016</u>

(B) Assets being depreciated.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 4 - CAPITAL ASSETS - continued

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2012</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 226,918	\$	\$	\$ 226,918
Capital assets being depreciated:				
Plant and equipment	14,447,360	36,962		14,484,322
Less accumulated depreciation for:				
Plant and equipment	(4,873,619)	(331,269)		(5,204,888)
Capital assets being depreciated, net	<u>9,573,741</u>	<u>(294,307)</u>		<u>9,279,434</u>
Business-type activities capital assets, net	<u>\$ 9,800,659</u>	<u>\$ (294,307)</u>	<u>\$</u>	9,506,352
Less: related long-term debt outstanding as of June 30, 2012				<u>(3,385,000)</u>
Business-type activities capital assets net of related debt				<u>\$ 6,121,352</u>

Depreciation expense was distributed to the various activities as follows:

Governmental activities:	
General government	\$ 11,995
Fire protection and medical rescue	182,621
Police protection	100,111
Senior center	<u>7,573</u>
Subtotal	302,300
Business-type activities:	
Sewer service	<u>331,269</u>
Total	<u>\$ 633,569</u>

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 \$171,188 at June 30, 2012.
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. This debt matured by June 30, 2012.
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. This debt matured by June 30, 2012.

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, 2012 was \$2,375,000.
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, 2012 was \$2,100,000.
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, 2012 was \$340,000.

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, 2012 was \$5,647.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 7/1/2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/2012</u>	<u>Amount Due Within One Year</u>
Capitalized Lease					
Ford Motor Credit	\$ 16,835	\$	\$ 16,835	\$	\$
Kansas State Bank	209,141		37,953	171,188	39,806
Fleetwood Financial	8,565		8,565		
Total capitalized leases	<u>234,541</u>		<u>63,353</u>	<u>171,188</u>	<u>39,806</u>
Bonds Payable					
National City	2,575,000		200,000	2,375,000	200,000
National City	2,225,000		125,000	2,100,000	150,000
National City	360,000		20,000	340,000	25,000
Total bonds payable	<u>5,160,000</u>		<u>345,000</u>	<u>4,815,000</u>	<u>375,000</u>
Installment Loans Payable					
Ann Arbor Township	15,647		10,000	5,647	5,647
Governmental activities capital assets, net	<u>\$ 5,410,188</u>	<u>\$</u>	<u>\$ 418,353</u>	<u>\$ 4,991,835</u>	<u>\$ 420,453</u>

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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:								
2013	\$ 39,806	\$ 8,303	\$ 375,000	\$ 209,100	\$ 5,647	\$	\$ 420,453	\$ 217,403
2014	41,737	6,372	375,000	193,775			416,737	200,147
2015	43,761	4,348	400,000	178,275			443,761	182,623
2016	45,884	2,225	425,000	161,600			470,884	163,825
2017			425,000	143,625			425,000	143,625
2018 - 2022			2,515,000	416,640			2,515,000	416,640
2023			300,000	15,000			300,000	15,000
Totals	\$ 171,188	\$ 21,248	\$ 4,815,000	\$ 1,318,015	\$ 5,647	\$	\$ 4,991,835	\$ 1,339,263

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 \$450,000 at June 30, 2012.
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 \$410,000 at June 30, 2012.
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 \$2,525,000 at June 30, 2012.

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

Bonds Payable	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012	Amount Due Within One Year
Expansion - Seven Mile	\$ 475,000	\$	\$ 25,000	\$ 450,000	\$ 25,000
Expansion - 2007 refunding	3,030,000		505,000	2,525,000	495,000
Michigan Municipal Bond Authority: 1992 junior lien refunding	445,000		35,000	410,000	35,000
Total business-type activities long-term debt	\$ 3,950,000	\$	\$ 565,000	\$ 3,385,000	\$ 555,000

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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
2013	\$ 555,000	\$ 144,076	\$ 699,076
2014	600,000	120,764	720,764
2015	620,000	95,489	715,489
2016	645,000	69,427	714,427
2017	490,000	42,139	532,139
2018 - 2022	475,000	65,231	540,231
Totals	\$ 3,385,000	\$ 537,126	\$ 3,922,126

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:

Current year contributions	
Township portion	\$ 75,732
Employee portion	<u>35,866</u>
Total contributions	<u>\$ 111,598</u>

NORTHFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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
Total pension benefit obligation	<u>931,684</u>
Net assets available for benefits, at cost (at market)	886,790
Unfunded actuarial accrued liability	<u><u>\$ 44,894</u></u>

Although no current actuarial data was available at the time of audit the total Township contributions were \$48,369.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 8 - INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivables and payables exist at June 30, 2012. 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	\$ 7,876	Current Tax Collection Fund	\$ 7,876
General Fund	1,590	Payroll Fund	1,590
General Fund	3,300	Trust and Agency Fund	3,300
Law Enforcement Fund	15,000	Narcotics Fund	15,000
Law Enforcement Fund	30,460	Current Tax Collection Fund	30,460
Law Enforcement Fund	2,784	Payroll Fund	2,784
Medical Rescue Fund	13,622	Current Tax Collection Fund	13,622
Medical Rescue Fund	849	Payroll Fund	849
Public Safety Building Debt Service Fund	6,906	Current Tax Collection Fund	6,906
Sewer Fund	8,742	Law Enforcement Fund	8,742
Sewer Fund	3,341	Payroll Fund	3,341
Trust and Agency Fund	7,167	General Fund	7,167
Trust and Agency Fund	1,824	Law Enforcement Fund	1,824
Current Tax Collection Fund	1,539	General Fund	1,539
Total interfund balances	<u><u>\$ 105,000</u></u>		<u><u>\$ 105,000</u></u>

Interfund transfers for the year ended June 30, 2012 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>	<u>Amount</u>
Fire Fund	General Fund	Pay operating expenditures	\$ 27,153
Law Enforcement Fund	Narcotics Fund (non-major)	Pay operating expenditures	15,000
			<u><u>\$ 42,153</u></u>

NOTE 9 - SEGMENT INFORMATION - BUSINESS-TYPE ACTIVITIES

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

	<u>Sewage Disposal Fund</u>
Operating revenues	\$ 1,122,630
Depreciation	331,269
Operating (loss)	(30,817)
Net working capital	1,241,682
Total assets	13,853,176
Total fund equity	10,440,543

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012 deposits and investments consist of the following:

Cash and cash equivalents:	
Checking accounts	\$ 2,716,529
Money market accounts	125,625
Money market fund	<u>36,058</u>
Total cash and investments	<u>2,878,212</u>
Investments	
Negotiable certificates of deposit	845,230
Municipal bonds	265,827
Corporate bonds	108,382
U.S. Governmental securities	<u>1,229,384</u>
Total investments	<u>2,448,823</u>
Total cash, cash equivalents and investments	<u><u>\$ 5,327,035</u></u>

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

Statement of Net Assets:	
Cash, cash equivalents and investments	\$ 3,244,356
Restricted cash, cash equivalents and investments	<u>1,695,775</u>
Total	4,940,131
Fiduciary Funds	
Cash and cash equivalents	<u>279,689</u>
Total cash, cash equivalents and investments	<u><u>\$ 5,219,820</u></u>

The carrying amount of cash, cash equivalents and investments is stated at \$5,219,820 as of June 30, 2012. The difference between the carrying amounts and the amounts mentioned above stem from cash on hand of \$600, outstanding checks and deposits of \$86,126, and an unrealized gain on investments of \$21,689. The Township carries all investments at cost rather than at market value.

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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	\$ 2,716,529
Insured by SIPC	161,683
Uninsured and uncollateralized	<u>0</u>
Total	<u>\$ 2,878,212</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, 2012, the Township's investments were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 845,230
Insured by SIPC	338,317
Excess SIPC insurance	<u>1,265,276</u>
Total	<u>\$ 2,448,823</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	20%
US Agencies	Federal National Mortgage Association	25%
Negotiable CD	Wells Fargo Bank	10%
Negotiable CD	Byron Bank	8%
Municipal Bond	Wayne County, MI	11%

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012 the Township had the following investment maturities:

Investment Type	Value	Investment Maturities (In Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Agencies	\$ 1,229,384	\$ 667,721 (2)	\$	\$ 100,189 (1)	\$ 461,474
Negotiable CD's	845,230	357,592		386,568	101,070
Municipal Bonds	265,827		265,827		
Corporate Bonds	108,382				108,382
	<u>\$ 2,448,823</u>	<u>\$ 1,025,313</u>	<u>\$ 265,827</u>	<u>\$ 486,757</u>	<u>\$ 670,926</u>

* (1) Mature 3/28/2022 but are callable 3/28/2013

* (2) \$550,961 of securities were called prior to financial statement date.

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, 2012, the Township's investments were exposed to credit risk as follows:

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

NORTHFIELD TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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>6/30/2011</u>	<u>6/30/2012</u>
Current assets		
Cash and cash equivalents	<u>\$ 501,881</u>	<u>\$ 791,187</u>

NOTE 12 - FEDERAL GRANT ACTIVITIES

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

NOTE 13 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Sewage Disposal System Fund as of June 30, 2012 consisted of the following:

	<u>Sewage Disposal System Fund</u>
Cash, cash equivalents and investments	\$ 1,695,775
Special assessment receivables	<u>1,381,734</u>
Total	<u><u>\$ 3,077,509</u></u>

NOTE 14 - SUBSEQUENT EVENTS

In August 2012 the Township issued \$5,345,000 of refunding bonds for the 3 Public Safety Building bonds and the 2004 Seven Mile Sewer bonds.

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, 2012**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$ 260,750	\$ 263,214	\$ 2,464
State shared revenues		585,000	592,068	7,068
Charges for services		350,595	359,725	9,130
Interest		13,500	13,240	(260)
Miscellaneous revenue		108,918	113,463	4,545
Total revenues	1,125,290	1,318,763	1,341,710	22,947
EXPENDITURES				
Township board		27,640	23,931	3,709
Supervisor		54,662	51,426	3,236
Elections		6,800	7,972	(1,172)
Clerk		96,265	94,848	1,417
Board of review		22,953	17,979	4,974
Treasurer		127,010	118,617	8,393
Assessor		105,090	103,522	1,568
Township hall and grounds		169,214	171,764	(2,550)
Zoning and planning departments		98,888	88,595	10,293
Professional fees		87,550	85,269	2,281
Human services contract		5,600	5,600	
Roads		164,613	166,989	(2,376)
Street lights		35,000	34,467	533
Capital outlay		12,630	11,391	1,239
Clean up and recycling		3,325	3,315	10
Rent - PSB		88,340	88,542	(202)
Senior Center		134,096	123,789	10,307
Contingency		2,000	11,522	(9,522)
Total expenditures	1,087,013	1,241,676	1,209,538	32,138
Excess of revenues over (under) expenditures	38,277	77,087	132,172	55,085
OTHER SOURCES FINANCING (USES)				
Transfers (out)	(25,000)	(27,155)	(27,155)	
Net change in fund balance	13,277	49,932	105,017	55,085
FUND BALANCE, JULY 1, 2011	1,113,784	1,113,784	1,113,784	
FUND BALANCE, JUNE 30, 2012	\$ 1,127,061	\$ 1,163,716	\$ 1,218,801	\$ 55,085

NORTHFIELD TOWNSHIP

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 620,537	\$
Charges for services			19,573	
Donations			1,024	
Total revenues	627,000	636,000	641,134	5,134
EXPENDITURES				
Salaries			279,858	
Payroll taxes			21,249	
Hospitalization			18,151	
Life insurance			943	
Pension			7,700	
Medical testing			529	
Uniforms			1,501	
Accounting services			7,800	
Audit fees			3,026	
Transportation			11,425	
Training and development			2,022	
Membership fees			1,490	
Contractual services			9,376	
Dispatch services			10,637	
Telephone			8,021	
Supplies			7,362	
Insurance and bonds			70,696	
Office overhead			43,766	
PSB lease			88,542	
Printing and postage			19	
Utilities			8,042	
Repairs and maintenance			32,564	
Debt - principal			37,953	
Debt - interest			10,171	
Grant			4,360	
Capital outlay			4,822	
Personnel allocation			(55,396)	
Total expenditures	655,146	662,491	636,629	25,862
Excess of revenues over (under) expenditures	(28,146)	(26,491)	4,505	30,996
OTHER SOURCES FINANCING (USES)				
Transfers in	25,000	27,155	27,155	
Net change in fund balance	(3,146)	664	31,660	30,996
FUND BALANCE, JULY 1, 2011	393,781	393,781	393,781	
FUND BALANCE, JUNE 30, 2012	\$ 390,635	\$ 394,445	\$ 425,441	\$ 30,996

NORTHFIELD TOWNSHIP

LAW ENFORCEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 1,387,592	\$
Fines and court fees			37,079	
Traffic tickets and impound fees			2,425	
Liquor law license fees			2,681	
Contributions			1,513	
Charges for services			66,476	
Total revenues	1,440,240	1,485,240	1,497,766	12,526
EXPENDITURES	1,454,772	1,498,135	1,427,142	70,993
Excess of revenues over (under) expenditures	(14,532)	(12,895)	70,624	83,519
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	
Net change in fund balance	468	2,105	85,624	83,519
FUND BALANCE, JULY 1, 2011	233,561	233,561	233,561	
FUND BALANCE, JUNE 30, 2012	<u>\$ 234,029</u>	<u>\$ 235,666</u>	<u>\$ 319,185</u>	<u>\$ 83,519</u>

NORTHFIELD TOWNSHIP

**SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2012**

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%

No current actuarial data could be provided at the time of these financial statements.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

NORTHFIELD TOWNSHIP

**COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Building Department Fund	Fire Fund	Fire Truck Fund	Law Enforcement Fund
<u>ASSETS</u>				
ASSETS				
Cash and investments	\$ 37,504	\$ 422,743	\$ 1,091	\$ 442,732
Taxes receivable		6,892	341	14,046
Accounts receivable - other				3,809
Due from other funds		14,471		48,244
Prepaid expenditures		1,430		4,545
Total assets	\$ 37,504	\$ 445,536	\$ 1,432	\$ 513,376
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 2,832	\$ 8,767	\$	\$ 63,141
Accrued compensated absences	11,036	11,328		120,484
Due to other funds				10,566
Total liabilities	13,868	20,095		194,191
FUND BALANCE	23,636	425,441	1,432	319,185
Total liabilities and fund balance	\$ 37,504	\$ 445,536	\$ 1,432	\$ 513,376

Narcotics Fund	Federal Narcotics Fund	Downtown Development Authority Fund	Totals
\$ 55,175	\$ 107,538	\$ 93,868	\$ 1,160,651
			21,279
			3,809
			62,715
			5,975
<u>\$ 55,175</u>	<u>\$ 107,538</u>	<u>\$ 93,868</u>	<u>\$ 1,254,429</u>

\$	\$	\$ 432	\$ 75,172
			142,848
15,000			25,566
15,000		432	243,586
40,175	107,538	93,436	1,010,843
<u>\$ 55,175</u>	<u>\$ 107,538</u>	<u>\$ 93,868</u>	<u>\$ 1,254,429</u>

NORTHFIELD TOWNSHIP

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2012**

	Current Tax Collection Fund	Trust and Agency Fund	Payroll Fund	Totals
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 222,111	\$ 59,579	\$ 11,513	\$ 293,203
Due from other funds	1,539	8,991		10,530
Total assets	\$ 223,650	\$ 68,570	\$ 11,513	\$ 303,733
<u>LIABILITIES</u>				
LIABILITIES				
Due to other funds	\$ 58,864	\$ 3,300	\$ 8,564	\$ 70,728
Due to others	164,786		2,949	167,735
Performance deposits		65,270		65,270
Total liabilities	\$ 223,650	\$ 68,570	\$ 11,513	\$ 303,733

NORTHFIELD TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Building Department Fund	Fire Fund	Fire Truck Fund	Law Enforcement Fund
REVENUES				
Taxes	\$	\$ 620,537	\$	\$ 1,387,592
Fines and forfeits				37,079
Charges for services	830	19,573		68,901
Licenses and permits	48,553			2,681
Donations		1,024		1,513
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	49,383	641,134	<hr/>	1,497,766
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
General government	36,306			
Fire protection		588,505	527	
Police protection				1,399,807
Public works				
Debt service		48,124		27,335
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	36,306	636,629	527	1,427,142
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	13,077	4,505	(527)	70,624
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets				
Transfers in		27,155		15,000
Transfers (out)				
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	<hr/>	27,155	<hr/>	15,000
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	13,077	31,660	(527)	85,624
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1, 2011	10,559	393,781	1,959	233,561
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30, 2012	\$ 23,636	\$ 425,441	\$ 1,432	\$ 319,185
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Narcotics Fund	Federal Narcotics Fund	Downtown Development Authority Fund	Totals
\$ 31,159	\$ 132,813	\$	\$ 2,008,129
			201,051
			89,304
			51,234
		4,730	7,267
<u>31,159</u>	<u>132,813</u>	<u>4,730</u>	<u>2,356,985</u>
			36,306
1,423	25,383		589,032
		24,427	1,426,613
			24,427
			75,459
<u>1,423</u>	<u>25,383</u>	<u>24,427</u>	<u>2,151,837</u>
<u>29,736</u>	<u>107,430</u>	<u>(19,697)</u>	<u>205,148</u>
5,000			5,000
(15,000)			42,155
			(15,000)
<u>(10,000)</u>			<u>32,155</u>
19,736	107,430	(19,697)	237,303
<u>20,439</u>	<u>108</u>	<u>113,133</u>	<u>773,540</u>
<u>\$ 40,175</u>	<u>\$ 107,538</u>	<u>\$ 93,436</u>	<u>\$ 1,010,843</u>

NORTHFIELD TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Building Authority	Public Safety Building	Total
REVENUES			
Property taxes	\$	\$ 314,583	\$ 314,583
Rental income	265,625		265,625
	<u>265,625</u>	<u>314,583</u>	<u>580,208</u>
Total revenues	<u>265,625</u>	<u>314,583</u>	<u>580,208</u>
EXPENDITURES			
Building overhead		10,122	10,122
Loan - principal	145,000	200,000	345,000
Loan - interest	120,625	103,200	223,825
	<u>265,625</u>	<u>313,322</u>	<u>578,947</u>
Total expenditures	<u>265,625</u>	<u>313,322</u>	<u>578,947</u>
Net changes in fund balances		1,261	1,261
FUND BALANCE, JULY 1, 2011	<u> </u>	<u>60,321</u>	<u>60,321</u>
FUND BALANCE, JUNE 30, 2012	<u><u>\$</u></u>	<u><u>\$ 61,582</u></u>	<u><u>\$ 61,582</u></u>

INDIVIDUAL FUNDS

GENERAL FUND

NORTHFIELD TOWNSHIP

**GENERAL FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

ASSETS

Cash and investments	\$ 1,084,475
Interest receivable	4,236
Taxes receivable	4,549
State shared revenue receivable	100,770
Accounts receivable - lien	11,044
Accounts receivable - other	23,258
Due from other funds	12,766
Prepaid expenditures	36,795
Land contract receivable - Northfield Township Area Library	48,213
	<hr/>
Total assets	\$ 1,326,106
	<hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 84,894
Accrued compensated absences	8,036
Due to others	5,669
Due to other funds	8,706
	<hr/>
Total liabilities	\$ 107,305

FUND BALANCE

Nonspendable - prepaid items	36,795
Nonspendable - Library receivable	48,213
Assigned - budgets	17,670
Unassigned	1,116,123
	<hr/>
Total fund balance	1,218,801
	<hr/>
Total liabilities and fund balance	\$ 1,326,106
	<hr/>

NORTHFIELD TOWNSHIP

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 260,750	\$ 263,214	\$ 2,464
State shared revenues	585,000	592,068	7,068
Charges for services	350,595	359,725	9,130
Interest	13,500	13,240	(260)
Miscellaneous revenue	108,918	113,463	4,545
Total revenues	<u>1,318,763</u>	<u>1,341,710</u>	<u>22,947</u>
EXPENDITURES			
Township board	27,640	23,931	3,709
Supervisor	54,662	51,426	3,236
Elections	6,800	7,972	(1,172)
Clerk	96,265	94,848	1,417
Board of review	22,953	17,979	4,974
Treasurer	127,010	118,617	8,393
Assessor	105,090	103,522	1,568
Township hall and grounds	169,214	171,764	(2,550)
Zoning and planning departments	98,888	88,595	10,293
Professional fees	87,550	85,269	2,281
Human services contract	5,600	5,600	
Roads	164,613	166,989	(2,376)
Street lights	35,000	34,467	533
Capital outlay	12,630	11,391	1,239
Clean up and recycling	3,325	3,315	10
Rent - PSB	88,340	88,542	(202)
Senior Center	134,096	123,789	10,307
Contingency	2,000	11,522	(9,522)
Total expenditures	<u>1,241,676</u>	<u>1,209,538</u>	<u>32,138</u>
Excess of revenues over (under) expenditures	77,087	132,172	55,085
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(27,155)</u>	<u>(27,155)</u>	
Net change in fund balance	49,932	105,017	55,085
FUND BALANCE, JULY 1, 2011	<u>1,113,784</u>	<u>1,113,784</u>	
FUND BALANCE, JUNE 30, 2012	<u><u>\$ 1,163,716</u></u>	<u><u>\$ 1,218,801</u></u>	<u><u>\$ 55,085</u></u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES	<u>\$ 260,750</u>	<u>\$ 263,214</u>	<u>\$ 2,464</u>
STATE SHARED REVENUES	<u>585,000</u>	<u>592,068</u>	<u>7,068</u>
CHARGES FOR SERVICES			
Licenses and permits		300	
Tax administration fees		137,781	
Sewer administration		39,000	
Cablevision franchise fees		83,238	
Fiber footage fees		9,320	
Clean up		149	
Zoning fees		7,625	
Site plan reviews		5,990	
Split applications		600	
Mobile home park fees		3,564	
Summer tax collection fees		12,833	
Duplicating		394	
Elections		3,622	
Senior citizens		55,309	
	<u>350,595</u>	<u>359,725</u>	<u>9,130</u>
Total charges for services	<u>350,595</u>	<u>359,725</u>	<u>9,130</u>
INTEREST	<u>13,500</u>	<u>13,240</u>	<u>(260)</u>
MISCELLANEOUS REVENUE			
Grant - pathway		98,130	
Other reimbursement		4,057	
Rental income		10,276	
Donations		1,000	
	<u>108,918</u>	<u>113,463</u>	<u>4,545</u>
Total miscellaneous revenue	<u>108,918</u>	<u>113,463</u>	<u>4,545</u>
Total revenues	<u><u>\$ 1,318,763</u></u>	<u><u>\$ 1,341,710</u></u>	<u><u>\$ 22,947</u></u>

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Fees	\$	\$ 7,375	\$
Payroll taxes		564	
Insurance		214	
Pension		225	
Membership and dues		9,788	
Printing and publishing		5,765	
Total township board	<u>27,640</u>	<u>23,931</u>	<u>3,709</u>
SUPERVISOR			
Supervisor's salary		39,934	
Payroll taxes		742	
Insurance - benefits		6,494	
Pension		3,993	
Communication		263	
Total supervisor	<u>54,662</u>	<u>51,426</u>	<u>3,236</u>
ELECTIONS			
Fees		2,523	
Office supplies		1,659	
Printing and postage		3,790	
Total elections	<u>6,800</u>	<u>7,972</u>	<u>(1,172)</u>
CLERK			
Clerk's salary		39,364	
Deputy clerk's salary		14,622	
Payroll taxes		8,223	
Insurance - benefits		2,126	
Pension		3,936	
Controller		52,000	
Recording secretary		4,305	
Dues		280	
Transportation		152	
Personnel allocation		(30,160)	
Total clerk	<u>96,265</u>	<u>94,848</u>	<u>1,417</u>

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF REVIEW			
Fees		2,034	
Payroll taxes		156	
Tax tribunal and drains		15,285	
Printing and publication		504	
Total board of review	<u>22,953</u>	<u>17,979</u>	<u>4,974</u>
TREASURER			
Treasurer's salary		39,364	
Clerical salaries		53,344	
Payroll taxes		7,060	
Insurance - benefits		11,562	
Pension		7,716	
Legal fees		6,000	
Tax roll preparation		624	
Transportation		73	
Dues and subscriptions		100	
Postage		1,238	
Miscellaneous		2,458	
Personnel allocation		(10,922)	
Total treasurer	<u>127,010</u>	<u>118,617</u>	<u>8,393</u>
ASSESSOR			
Salaries		80,799	
Payroll taxes		5,825	
Insurance - benefits		8,559	
Pension		5,077	
Supplies		41	
Membership dues		215	
Transportation		360	
Postage		2,646	
Total assessor	<u>105,090</u>	<u>103,522</u>	<u>1,568</u>

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP HALL AND GROUNDS			
Salaries		5,360	
Payroll taxes		410	
Unemployment		3,258	
Insurance - general liability		30,933	
PSB allocation		43,765	
Janitor fees		2,120	
Office supplies		10,476	
Telephone		3,424	
Postage		3,177	
Transportation		2,023	
Utilities		6,229	
Repairs and maintenance		28,410	
Tax chargebacks		23,699	
Training and development		4,170	
Equipment rental		4,173	
Miscellaneous		137	
	<u>169,214</u>	<u>171,764</u>	<u>(2,550)</u>
Total township hall and grounds			
ZONING AND PLANNING DEPARTMENTS			
Board of appeals fees		1,300	
Salaries - recording secretary		3,040	
Zoning administrator		1,130	
Payroll taxes		887	
Department allocation		5,461	
Planning commission fees		10,300	
Printing and publications		1,140	
Planning consultant		40,601	
Code enforcement		12,565	
Legal fees		11,971	
Postage		200	
	<u>98,888</u>	<u>88,595</u>	<u>10,293</u>
Total zoning and planning departments			
PROFESSIONAL FEES	<u>87,550</u>	<u>85,269</u>	<u>2,281</u>

NORTHFIELD TOWNSHIP

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance Favorable (Unfavorable)
COMMUNITY DEVELOPMENT	<u>5,600</u>	<u>5,600</u>	
ROADS	<u>164,613</u>	<u>166,989</u>	<u>(2,376)</u>
STREET LIGHTS	<u>35,000</u>	<u>34,467</u>	<u>533</u>
CAPITAL OUTLAY	<u>12,630</u>	<u>11,391</u>	<u>1,239</u>
CLEAN UP AND RECYCLING	<u>3,325</u>	<u>3,315</u>	<u>10</u>
CONTINGENCY - LIENS	<u>2,000</u>	<u>11,522</u>	<u>(9,522)</u>
RENT - PSB	<u>88,340</u>	<u>88,542</u>	<u>(202)</u>
SENIOR CENTER			
Salaries		45,419	
Payroll taxes		3,407	
Insurance - benefits		14,733	
Pension		3,512	
Programs		36,916	
Janitorial service		6,175	
Supplies		1,563	
Dues		220	
Telephone		2,052	
Postage		629	
Transportation		94	
Printing		479	
Insurance - general liability		2,211	
Utilities		4,006	
Repair and maintenance		2,084	
Small equipment		289	
	<u>134,096</u>	<u>123,789</u>	<u>10,307</u>
Total senior center	<u>134,096</u>	<u>123,789</u>	<u>10,307</u>
Total expenditures	<u>\$ 1,241,676</u>	<u>\$ 1,209,538</u>	<u>\$ 32,138</u>

BUILDING DEPARTMENT FUND

NORTHFIELD TOWNSHIP
BUILDING DEPARTMENT FUND
BALANCE SHEET
JUNE 30, 2012

ASSETS

ASSETS

Cash and cash equivalents	\$ 37,504
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,832
Accrued compensated absences	<u>11,036</u>

Total liabilities	\$ 13,868
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FUND BALANCE

Unreserved	<u>23,636</u>
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Total liabilities and fund balance	<u>\$ 37,504</u>
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NORTHFIELD TOWNSHIP

BUILDING DEPARTMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Building permit fees	\$	\$ 48,553	\$
Contractor's registration		830	
Total revenues	<u>46,505</u>	<u>49,383</u>	<u>2,878</u>
EXPENDITURES			
Salaries		2,017	
Inspections		24,691	
Other professional services		2,450	
Supplies		126	
Telephone		261	
Insurance - general and bonds		700	
Repairs and maintenance		600	
Personnel allocation		5,461	
Total expenditures	<u>36,642</u>	<u>36,306</u>	<u>336</u>
Net change in fund balance	9,863	13,077	3,214
FUND BALANCE, JULY 1, 2011	<u>10,559</u>	<u>10,559</u>	
FUND BALANCE, JUNE 30, 2012	<u><u>\$ 20,422</u></u>	<u><u>\$ 23,636</u></u>	<u><u>\$ 3,214</u></u>

FIRE FUND

NORTHFIELD TOWNSHIP

**FIRE FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

ASSETS

Cash and cash equivalents	\$	422,743
Taxes		6,892
Due from other funds		14,471
Prepaid expenditures		<u>1,430</u>
Total assets	\$	<u><u>445,536</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	8,767
Accrued compensated absences		<u>11,328</u>
Total liabilities	\$	20,095

FUND BALANCE

Nonspendable - prepaid items		1,430
Restricted - fire		<u>424,011</u>
Total fund balance		<u>425,441</u>
Total liabilities and fund balance	\$	<u><u>445,536</u></u>

NORTHFIELD TOWNSHIP

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 620,537	\$
Charges for services		19,573	
Donations		1,024	
Total revenues	<u>636,000</u>	<u>641,134</u>	<u>5,134</u>
EXPENDITURES			
Salaries		279,858	
Payroll taxes		21,249	
Hospitalization		18,151	
Life insurance		943	
Pension		7,700	
Medical testing		529	
Uniforms		1,501	
Accounting services		7,800	
Audit fees		3,026	
Transportation		11,425	
Training and development		2,022	
Membership fees		1,490	
Contractual services		9,376	
Dispatch services		10,637	
Telephone		8,021	
Supplies		7,362	
Insurance and bonds		70,696	
Office overhead		43,766	
PSB lease		88,542	
Printing and postage		19	
Utilities		8,042	
Repairs and maintenance		32,564	
Debt - principal		37,953	
Debt - interest		10,171	
Tax chargebacks/drains		4,360	
Capital outlay		4,822	
Personnel allocation		(55,396)	
Total expenditures	<u>662,491</u>	<u>636,629</u>	<u>25,862</u>
Excess of revenues over (under) expenditures	(26,491)	4,505	30,996
OTHER FINANCING SOURCES			
Transfers in	<u>27,155</u>	<u>27,155</u>	
Net change in fund balance	664	31,660	30,996
FUND BALANCE, JULY 1, 2011	<u>393,781</u>	<u>393,781</u>	
FUND BALANCE, JUNE 30, 2012	<u>\$ 394,445</u>	<u>\$ 425,441</u>	<u>\$ 30,996</u>

FIRE TRUCK FUND

NORTHFIELD TOWNSHIP

**FIRE TRUCK FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

ASSETS

Cash	\$ 1,091
Taxes receivable	<u>341</u>
Total assets	<u>\$ 1,432</u>

FUND BALANCE

FUND BALANCE	<u>\$ 1,432</u>
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NORTHFIELD TOWNSHIP

FIRE TRUCK FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012**

REVENUES	\$
EXPENDITURES	
Miscellaneous	<u>527</u>
Net change in fund balance	(527)
FUND BALANCE, JULY 1, 2011	<u>1,959</u>
FUND BALANCE, JUNE 30, 2012	<u><u>\$ 1,432</u></u>

LAW ENFORCEMENT FUND

NORTHFIELD TOWNSHIP

**LAW ENFORCEMENT FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

ASSETS

Cash and cash investments	\$	442,732
Accounts receivable		3,809
Taxes receivable		14,046
Due from other funds		48,244
Prepaid expenditures		<u>4,545</u>
Total assets	\$	<u><u>513,376</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	63,141
Accrued compensated absences		120,484
Due to funds		<u>10,566</u>
Total liabilities	\$	194,191

FUND BALANCE

Nonspendable prepaid items		4,545
Restricted - law enforcement		<u>314,640</u>
Total fund balance		<u>319,185</u>
Total liabilities and fund balance	\$	<u><u>513,376</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,387,592	\$
Fines and court fees		37,079	
Traffic tickets and impound fees		2,425	
Liquor law license fees		2,681	
Contributions		1,513	
Charges for services		66,476	
	<u>1,485,240</u>	<u>1,497,766</u>	<u>12,526</u>
Total revenues			
	1,485,240	1,497,766	12,526
EXPENDITURES	<u>1,498,135</u>	<u>1,427,142</u>	<u>70,993</u>
Excess of revenues over (under) expenditures	(12,895)	70,624	83,519
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>15,000</u>	<u>15,000</u>	
Net change in fund balance	2,105	85,624	83,519
FUND BALANCE, JULY 1, 2011	<u>233,561</u>	<u>233,561</u>	
FUND BALANCE, JUNE 30, 2012	<u><u>\$ 235,666</u></u>	<u><u>\$ 319,185</u></u>	<u><u>\$ 83,519</u></u>

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Salaries	\$	\$ 696,638	\$
Payroll taxes		53,068	
Life insurance		7,683	
Unemployment		7,240	
Medical testing		231	
Professional fees		44,017	
Pension		52,158	
Insurance - health		114,483	
Accountant		7,800	
Uniforms and gear		3,051	
Membership dues		1,140	
Printing and postage		177	
Transportation		32,055	
Insurance and bonds		25,975	
Repairs and maintenance		17,824	
Telephone		11,475	
Supplies		4,774	
Training and development		1,988	
Equipment rental		1,548	
Office overhead		43,766	
PSB lease		88,542	
Contractual services		17,037	
Dispatch services		63,347	
Tax tribunals		6,184	
Computer		2,466	
Capital outlay		39,744	
Personnel allocation		55,396	
Debt service - principal		25,400	
Debt service - interest		1,935	
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 1,498,135</u>	<u>\$ 1,427,142</u>	<u>\$ 70,993</u>

NARCOTICS FUND

NORTHFIELD TOWNSHIP

**NARCOTICS FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

ASSETS

Cash and cash equivalents	\$ 55,175
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$ 15,000
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FUND BALANCE

Restricted - public safety	40,175
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Total fund balance	\$ 55,175
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NORTHFIELD TOWNSHIP

NARCOTICS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Forfeitures	\$ 30,000	\$ 31,159	\$ 1,159
EXPENDITURES			
Public safety projects		693	
Capital outlay		730	
Total expenditures	<u>3,350</u>	<u>1,423</u>	<u>1,927</u>
Excess of revenues over (under) expenditures	26,650	29,736	3,086
OTHER FINANCING SOURCES (USES)			
Sale of assets	5,000	5,000	
Transfers (out)	<u>(15,000)</u>	<u>(15,000)</u>	
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	
Net change in fund balance	16,650	19,736	3,086
FUND BALANCE, JULY 1, 2011	<u>20,439</u>	<u>20,439</u>	
FUND BALANCE, JUNE 30, 2012	<u><u>\$ 37,089</u></u>	<u><u>\$ 40,175</u></u>	<u><u>\$ 3,086</u></u>

FEDERAL NARCOTICS FUND

NORTHFIELD TOWNSHIP

**FEDERAL NARCOTICS FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

ASSETS

Cash and cash equivalents	\$ 107,538
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FUND BALANCE

FUND BALANCE

Restricted - public safety	\$ 107,538
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NORTHFIELD TOWNSHIP

FEDERAL NARCOTICS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Forfeitures	<u>\$ 85,000</u>	<u>\$ 132,813</u>	<u>\$ 47,813</u>
EXPENDITURES			
Supplies		593	
Capital outlay		<u>24,790</u>	
Total expenditures	<u>25,490</u>	<u>25,383</u>	<u>107</u>
Net change in fund balance	59,510	107,430	47,920
FUND BALANCE, JULY 1, 2011	<u>108</u>	<u>108</u>	
FUND BALANCE, JUNE 30, 2012	<u><u>\$ 59,618</u></u>	<u><u>\$ 107,538</u></u>	<u><u>\$ 47,920</u></u>

DOWNTOWN DEVELOPMENT AUTHORITY FUND

NORTHFIELD TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY FUND
BALANCE SHEET
JUNE 30, 2012

ASSETS

ASSETS

Cash and cash equivalents	\$ 93,868
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 432
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FUND BALANCE

Restricted - local improvement	93,436
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Total liabilities and fund balance	\$ 93,868
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NORTHFIELD TOWNSHIP

DOWNTOWN DEVELOPMENT AUTHORITY FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Donations	\$ 16,420	\$ 4,730	\$ (11,690)
EXPENDITURES			
Grant cost		8,000	
Project fees		15,327	
Professional fees		1,100	
Total expenditures	<u>42,100</u>	<u>24,427</u>	<u>17,673</u>
Net change in fund balance	(25,680)	(19,697)	5,983
FUND BALANCE, JULY 1, 2011	<u>113,133</u>	<u>113,133</u>	
FUND BALANCE, JUNE 30, 2012	<u><u>\$ 87,453</u></u>	<u><u>\$ 93,436</u></u>	<u><u>\$ 5,983</u></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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Rental income	<u>\$ 265,625</u>	<u>\$ 265,625</u>	<u>\$</u>
EXPENDITURES			
Debt service			
Principal		145,000	
Interest/fees		<u>120,625</u>	
Total expenditures	<u>265,625</u>	<u>265,625</u>	
Net change in fund balance			
FUND BALANCE, JULY 1, 2011			
FUND BALANCE, JUNE 30, 2012	<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, 2012

ASSETS

ASSETS

Cash	\$ 60,399
Taxes receivable	3,140
Due from other funds	<u>6,906</u>
Total assets	<u>\$ 70,445</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 8,863
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FUND BALANCE

Restricted - debt	<u>61,582</u>
Total liabilities and fund balance	<u>\$ 70,445</u>

NORTHFIELD TOWNSHIP

PUBLIC SAFETY BUILDING DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012

REVENUES

Property taxes	\$ 314,583
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EXPENDITURES

Professional fees	400
Supplies	472
Cleaning services	9,145
Contracted services	4,966
Telephone	3,163
Insurance	8,817
Utilities	89,935
Repairs and maintenance	20,537
Tax chargebacks	3,684
Bond - principal	200,000
Bond - interest	103,200
Bond - agent fees	300
Overhead allocation	(131,297)

Total expenditures	313,322
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Net change in fund balance	1,261
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FUND BALANCE, JULY 1, 2011	60,321
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FUND BALANCE, JUNE 30, 2012	\$ 61,582
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SEWAGE DISPOSAL SYSTEM FUND

NORTHFIELD TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

CURRENT ASSETS

Cash, cash equivalents and investments	\$ 927,317	
Sewer billings receivable	314,550	
Interest receivable	9,925	
Due from other funds	12,083	
Prepaid expenses	5,440	
	<hr/>	
Total current assets		\$ 1,269,315

RESTRICTED ASSETS

Cash, cash equivalents and investments capital and debt	1,695,775	
Special assessments receivable	1,381,734	
	<hr/>	
Total restricted assets		3,077,509

PLANT, PROPERTY AND EQUIPMENT

Land	226,918	
Plant	2,229,393	
Plant expansion	11,332,596	
Equipment	922,333	
	<hr/>	
	14,711,240	
Less: accumulated depreciation	(5,204,888)	
	<hr/>	
Net plant, property, and equipment		9,506,352
Total assets		<u><u>\$ 13,853,176</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 10,712	
Accrued compensated absences	16,921	
Bonds payable - current portion	555,000	
	<hr/>	
Total current liabilities		\$ 582,633

LONG-TERM LIABILITIES

Bonds payable - less current portion		<hr/>
		2,830,000
Total liabilities		3,412,633

NET ASSETS

Total liabilities and fund equity		<hr/> <hr/>
		\$ 13,853,176

NORTHFIELD TOWNSHIP

**SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012**

OPERATING REVENUES

User charges		\$ 1,122,630
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OPERATING EXPENSES

Salaries and wages	\$ 273,915	
Payroll taxes	21,787	
Hospitalization	68,251	
Life insurance	3,677	
Pension	24,350	
Training and development	2,479	
Testing	2,372	
Operating supplies	48,587	
Uniforms	4,371	
Professional services	24,626	
Membership and dues	2,107	
Contracted services	51,799	
Administration fees	35,000	
Telephone	5,220	
Transportation	2,635	
Printing and postage	4,522	
Insurance and bonds	25,613	
Utilities	112,339	
Repairs and maintenance	107,662	
Equipment rental	866	
Depreciation	331,269	
Total operating expenses		<u>1,153,447</u>
Operating (loss)		(30,817)

NON-OPERATING REVENUES AND (EXPENSES)

Interest income - cash and equivalents	120,962	
Interest - special assessments	99,950	
Interest expense	(167,751)	
Bond fees	(1,308)	
Total non-operating revenues and (expenses)		<u>51,853</u>
Net income before capital contributions		21,036

CAPITAL CONTRIBUTIONS

Connection fees		<u>28,400</u>
Change in net assets		49,436

NET ASSETS, JULY 1, 2011	<u>10,391,107</u>
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NET ASSETS, JUNE 30, 2012	<u><u>\$ 10,440,543</u></u>
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NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES

Operating (loss)		\$ (30,817)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities		
Depreciation	\$ 331,269	
Changes in assets and liabilities		
Decrease in sewer billings receivable	57,982	
Decrease in due from other funds	69,299	
(Increase) in prepaid expenses	(4,915)	
(Decrease) in accounts payable/accrued compensated absences	<u>(18,988)</u>	
Total adjustments		<u>434,647</u>
Net cash provided by operating activities		403,830

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

Connection fees received	28,400	
Special assessments received	479,134	
Interest and fees paid on long-term bonds	(169,059)	
Acquisition of capital assets	(36,962)	
Repayment of principal on bonds	<u>(565,000)</u>	
Net cash (used in) capital and related financing activities		(263,487)

CASH FLOWS (USED IN) BY INVESTING ACTIVITIES

Interest on cash and cash equivalents	120,962	
Sale of investments	<u>28,001</u>	
Net cash by investing activities		<u>148,963</u>
Net increase in cash and cash equivalents		289,306

CASH AND CASH EQUIVALENTS AT JULY 1, 2011	<u>501,881</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2012	<u><u>\$ 791,187</u></u>

CURRENT TAX COLLECTION FUND

NORTHFIELD TOWNSHIP
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2012

ASSETS

ASSETS

Cash and equivalents	\$ 222,111
Due from other funds	<u>1,539</u>
Total assets	<u>\$ 223,650</u>

LIABILITIES

LIABILITIES

Due to other funds	\$ 58,864
Due to others	<u>164,786</u>
Total liabilities	<u>\$ 223,650</u>

TRUST AND AGENCY FUND

NORTHFIELD TOWNSHIP

**TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

ASSETS

Cash and cash equivalents	\$ 59,579
Due from other funds	<u>8,991</u>
Total assets	<u>\$ 68,570</u>

LIABILITIES

LIABILITIES

Due to other funds	\$ 3,300
Due to others	<u>65,270</u>
Total liabilities	<u>\$ 68,570</u>

PAYROLL FUND

NORTHFIELD TOWNSHIP

**PAYROLL FUND
BALANCE SHEET
JUNE 30, 2012**

ASSETS

ASSETS

Cash	\$ 11,513
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LIABILITIES

LIABILITIES

Due to other funds	\$ 8,564
Due to others	2,949

Total liabilities	\$ 11,513
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PFEFFER ■ HANNIFORD ■ PALKA

Certified Public Accountants

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October 22, 2012

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, 2012.

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. It was noted during the audit process that personal property taxes were not being distributed according to the statutory ten (10) business days.
 - b. There was a significant amount of delinquent personal taxes collected undistributed in the Trust and Agency Fund.
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.
8. Sewer billings are still not being reconciled to the general ledger, and we were unable to do so as part of the audit process. There were adjustments made to the billing system in which no documentation could be provided. Any adjustments should be approved and documented by a responsible individual. The segregation of duties should be changed in order to improve internal controls.
9. The sewer connection fees and billing rates have not changed in several years, and this year has an operating loss for the year. The Township may wish to evaluate if these rates still reflect the cost of operations, and provide enough savings for possible future capital acquisition.

Northfield Township

10. Property liens have remained relatively unchanged, and it is unclear whether these liens have even been recorded on the various properties. The Township should put these liens on before these properties are sold or write off these uncollectible balances.

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