

Charter Township of Northville

**Financial Report
with Supplemental Information
December 31, 2010**

Charter Township of Northville

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Northville
Wayne County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Northville (the "Township") as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Northville'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Northville as of December 31, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees
Charter Township of Northville

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Northville's basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

April 19, 2011

Charter Township of Northville

Management's Discussion and Analysis

Overview of the Financial Statements

This annual report consists of four parts - the management's discussion and analysis, basic financial statements, required supplemental information, and other supplemental information, which presents combining statements for nonmajor governmental funds and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the Charter Township of Northville (the "Township"). The first two statements are government-wide financial statements that provide both long- and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid (full accrual).

The two government-wide financial statements report the Township's net assets and how they have changed. Net assets, the difference between the Township's assets and liabilities, are one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into three categories:

- **Governmental Activities** - Most of the Township's basic services are included here, such as the police, fire, building, community development departments, and general administration. Property taxes, state-shared revenue, charges for services, and a special operating millage provide most of the funding.
- **Business-type Activities** - The Township charges fees to customers to help it cover the cost of services it provides. The Township's water and sewer system operations are treated as business-type activities.
- **Component Unit** - The Township includes one other entity in its reports, the Economic Development Corporation. Although legally separate, this "component unit" is important because the Township is financially accountable.

Charter Township of Northville

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The Township board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

- **Governmental Funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.
- **Proprietary Funds** - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary Funds** - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate combined balance sheet. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance operations.

Financial Overview

The Township has combined total net assets of approximately \$117 million. This was an increase from 2009 of approximately \$1.8 million. Business-type activities comprise \$81.4 million while governmental activities make up \$35.1 million of the total net assets.

Charter Township of Northville

Management's Discussion and Analysis (Continued)

In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year (in thousands of dollars):

Summary Condensed Statement of Net Assets (normally presented in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current assets	\$ 25,607	\$ 27,050	\$ 35,512	\$ 36,484	\$ 61,119	\$ 63,534
Noncurrent assets	61,939	58,377	53,092	54,113	115,031	112,490
Total assets	87,546	85,427	88,604	90,597	176,150	176,024
Liabilities						
Current liabilities	16,152	17,319	1,262	1,266	17,414	18,585
Long-term liabilities	36,289	36,740	5,901	5,908	42,190	42,648
Total liabilities	52,441	54,059	7,163	7,174	59,604	61,233
Net Assets						
Invested in capital assets -						
Net of related debt	19,649	15,251	46,888	47,888	66,537	63,139
Restricted	8,798	8,251	-	-	8,798	8,251
Unrestricted	6,658	7,866	34,553	35,535	41,211	43,401
Total net assets	<u>\$ 35,105</u>	<u>\$ 31,368</u>	<u>\$ 81,441</u>	<u>\$ 83,423</u>	<u>\$ 116,546</u>	<u>\$ 114,791</u>

Charter Township of Northville

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets (in thousands of dollars):

Summary Condensed Income Statement (normally presented in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue						
Program revenue:						
Charges for services	\$ 2,528	\$ 2,789	\$ 10,557	\$ 10,305	\$ 13,085	\$ 13,094
Operating grants and contributions	397	476	1,108	678	1,505	1,154
Capital grants and contributions	4,079	195	338	581	4,417	776
General revenue:						
Property taxes	13,471	12,511	-	-	13,471	12,511
State-shared revenue	1,319	1,260	-	-	1,319	1,260
Unrestricted investment earnings	115	182	228	253	343	435
Transfers	123	40	(123)	(40)	-	-
Special items and other	7	24	-	-	7	24
Total revenue	22,039	17,477	12,108	11,777	34,147	29,254
Program Expenses						
General government	4,005	4,639	-	-	4,005	4,639
Public safety:						
Police and fire	10,689	10,170	-	-	10,689	10,170
Building department	447	701	-	-	447	701
Community and economic development	264	418	-	-	264	418
Recreation and culture	1,395	1,555	-	-	1,395	1,555
Interest on long-term debt	1,502	1,243	-	-	1,502	1,243
Water and sewer	-	-	14,090	14,608	14,090	14,608
Total program expenses	18,302	18,726	14,090	14,608	32,392	33,334
Change in Net Assets	\$ 3,737	\$ (1,249)	\$ (1,982)	\$ (2,831)	\$ 1,755	\$ (4,080)

Governmental Activities

Revenue for governmental activities totaled approximately \$22.0 million in 2010. A total of \$13.5 million was in the form of property tax collections, an increase of approximately \$960,000 from 2009. Although there was a decrease in the taxable value in the Township in the current year, the revenue increased due to a voter-approved debt service millage related to the acquisition of land by the Township. As such, overall property taxes continue to be of concern as the Township projects minimal further decreases in the future due to the overall economic conditions. State-shared revenue also continues to be of concern. While it provided approximately \$1.3 million, we are uncertain what will happen in 2011 given the State's financial difficulties. The amount collected in 2010 was approximately \$59,000 more than what was received in 2009. Charges in services, primarily for inspections, generated approximately \$2.5 million.

Charter Township of Northville

Management's Discussion and Analysis (Continued)

The Township has worked hard in order to make sure that all current costs are properly funded. As such, the Township has been successful in funding the currently estimated other post-employment benefit obligation, and as of December 31, 2010, the liability is 98 percent funded.

Business-type Activities

The Charter Township of Northville's business-type activities relate to water and sewer operations. Revenue for the business-type activities was approximately \$12.1 million. Water is provided to the Township residents via the Detroit water and sewer department. Sewage treatment is provided by contracts with the Western Township Utility Authority (WTUA), Wayne County, and the Ypsilanti Community Utility Authority (YCUA). The Township is participating in a WTUA/YCUA project to expand the YCUA treatment facilities to ensure continued sewage treatment services for the community. This project is almost complete at this time.

Current Economic Events

In recent years, the Township has experienced good growth in the community. This is seen in continued growth in the housing, commercial, and industrial markets. Our taxable value is approximately \$1.9 billion, a decrease of approximately \$150 million from 2009. The Township expects that the 2011 property tax revenue will decline even more as a result of the taxable value projected decreases (taxable value is projected at approximately \$1.7 billion).

Revenue sharing is also a significant budgetary concern. The State of Michigan is experiencing significant budgeting problems and, as it looks for solutions, revenue sharing continues to be under attack. The levels of funding have been relatively flat over the last few years, while the community has been experiencing significant growth. One additional step we have taken to provide managerial and financial stability is a strategic forecasting plan. This plan will serve as our guide as we develop future budgets and strategies.

Financial Analysis of Township Funds and Budgets

The General Fund ended 2010 with a fund balance of approximately \$2.3 million, including \$1.4 million reserved for a long-term receivable. Several factors affected operating results, although property taxes are a major concern, which is a result of general economic conditions. Expenditures were within expectations.

The General Fund budget is amended semiannually. This is primarily done to prevent over-expenditures. Significant 2010 budget amendments included the budget for capital outlay expenses and state-sourced revenue associated with a grant that was awarded to the Township.

Police and fire operations are funded separately through a dedicated millage. These funds are expended exclusively for operations of police and fire, respectively. Both funds ended the year with budget overruns due to various expenses incurred in late 2010, which were anticipated to occur in early 2011.

Charter Township of Northville

Management's Discussion and Analysis (Continued)

The Shared Services Fund consists of the recreation, senior citizens, and youth assistance operations. The Township has a contractual arrangement with the City of Northville to provide these services to the community. These operations are funded separately through a dedicated millage. This fund ended the year in line with budget expectations.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition. Should you have further questions, please contact the finance department.

Charter Township of Northville

Statement of Net Assets December 31, 2010

	Primary Government			Component Unit (EDC)
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 17,290,669	\$ 2,935,154	\$ 20,225,823	\$ 1,103
Cash segregated for capital (Notes 3 and 4)	-	20,547,588	20,547,588	-
Receivables:				
Taxes	6,091,347	-	6,091,347	-
Customers	-	1,796,970	1,796,970	-
Other	409,089	153,548	562,637	-
Due from other governmental units	1,702,716	-	1,702,716	-
Special assessments	-	189,708	189,708	-
Internal balances	(5,484)	5,484	-	-
Prepaid items and other assets	118,859	46,846	165,705	-
Investment in joint ventures (Note 13)	2,964,577	9,837,672	12,802,249	-
Capital assets:				
Nondepreciable capital assets (Note 6)	40,224,310	-	40,224,310	-
Depreciable capital assets - Net (Note 6)	15,409,276	52,712,535	68,121,811	-
Special assessments - Net of current portion	538,316	-	538,316	-
Other postemployment benefit asset (Note 12)	2,802,069	379,107	3,181,176	-
Total assets	87,545,744	88,604,612	176,150,356	1,103
Liabilities				
Accounts payable and accrued liabilities	811,677	834,005	1,645,682	-
Accrued interest	363,207	41,929	405,136	-
Deferred revenue (Note 5)	12,554,471	198,576	12,753,047	-
Noncurrent liabilities:				
Due within one year (Note 8)	2,423,002	187,503	2,610,505	-
Due in more than one year - Long-term debt (Note 8)	36,288,688	5,901,450	42,190,138	-
Total liabilities	52,441,045	7,163,463	59,604,508	-
Net Assets				
Invested in capital assets - Net of related debt	19,648,586	46,887,535	66,536,121	-
Restricted for:				
Police and fire operations	4,757,298	-	4,757,298	-
Shared services	2,039,773	-	2,039,773	-
Debt service	2,001,179	-	2,001,179	-
Unrestricted	6,657,863	34,553,614	41,211,477	1,103
Total net assets	\$ 35,104,699	\$ 81,441,149	\$ 116,545,848	\$ 1,103

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

Charter Township of Northville

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,004,606	\$ 649,747	\$ -	\$ 4,000,000
Public safety:				
Police and fire	10,689,100	1,009,987	148,863	-
Building department	447,318	688,833	-	-
Community and economic development	264,475	10,201	38,213	-
Recreation and culture	1,395,161	169,192	209,508	78,833
Interest on long-term debt	1,501,131	-	-	-
Total governmental activities	18,301,791	2,527,960	396,584	4,078,833
Business-type activities:				
Water and sewer	12,852,479	9,372,655	1,107,566	338,217
Solid waste	1,238,403	1,183,980	-	-
Total business-type activities	14,090,882	10,556,635	1,107,566	338,217
Total primary government	<u>\$ 32,392,673</u>	<u>\$ 13,084,595</u>	<u>\$ 1,504,150</u>	<u>\$ 4,417,050</u>
Component unit - Economic Development Corporation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Unrestricted investment earnings				
Other miscellaneous income				
Loss on sale of capital assets				
Total general revenue				
Transfers				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended December 31, 2010

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 645,141	\$ -	\$ 645,141	\$ -
(9,530,250)	-	(9,530,250)	-
241,515	-	241,515	-
(216,061)	-	(216,061)	-
(937,628)	-	(937,628)	-
(1,501,131)	-	(1,501,131)	-
(11,298,414)	-	(11,298,414)	-
-	(2,034,041)	(2,034,041)	-
-	(54,423)	(54,423)	-
-	(2,088,464)	(2,088,464)	-
(11,298,414)	(2,088,464)	(13,386,878)	-
-	-	-	-
13,470,603	-	13,470,603	-
1,318,976	-	1,318,976	-
115,141	385,681	500,822	-
1,125	-	1,125	1,001
6,258	(156,194)	(149,936)	-
14,912,103	229,487	15,141,590	1,001
123,444	(123,444)	-	-
3,737,133	(1,982,421)	1,754,712	1,001
31,367,566	83,423,570	114,791,136	102
\$ 35,104,699	\$ 81,441,149	\$ 116,545,848	\$ 1,103

Charter Township of Northville

Governmental Funds Balance Sheet December 31, 2010

	General Fund	Police	Fire	Shared Services	Seven Mile Road Property Purchase Fund	Nonmajor Funds	Total
Assets							
Cash and investments (Note 3)	\$ 1,409,863	\$ 5,145,929	\$ 4,687,095	\$ 2,460,170	\$ 1,330,059	\$ 2,257,553	\$ 17,290,669
Receivables:							
Taxes	679,896	2,252,169	1,997,207	388,710	773,365	-	6,091,347
Special assessments	32,777	-	-	-	-	505,539	538,316
Other receivables	400,000	-	8,134	-	-	955	409,089
Due from other governmental units	1,690,270	-	-	-	-	12,446	1,702,716
Due from other funds (Note 7)	221,779	-	-	-	-	-	221,779
Prepaid items and other assets	51,811	35,958	30,615	-	-	475	118,859
Total assets	\$ 4,486,396	\$ 7,434,056	\$ 6,723,051	\$ 2,848,880	\$ 2,103,424	\$ 2,776,968	\$ 26,372,775
Liabilities and Fund Balances							
Liabilities							
Accounts payable and accrued liabilities	\$ 374,451	\$ 261,853	\$ 155,657	\$ 13,000	\$ -	\$ 6,716	\$ 811,677
Due to other funds (Note 7)	4,652	133,761	79,189	-	-	9,661	227,263
Deferred revenue (Note 5)	1,825,274	4,678,884	4,090,465	796,107	1,583,920	505,539	13,480,189
Total liabilities	2,204,377	5,074,498	4,325,311	809,107	1,583,920	521,916	14,519,129
Fund Balances							
Reserved for long-term receivable	1,446,400	-	-	-	-	-	1,446,400
Unreserved, reported in:							
General Fund - Undesignated	835,619	-	-	-	-	-	835,619
Special Revenue Funds:							
Designated for future equipment purchases	-	-	192,084	-	-	-	192,084
Undesignated	-	2,359,558	2,205,656	2,039,773	-	1,278,916	7,883,903
Debt Service Funds	-	-	-	-	519,504	976,136	1,495,640
Total fund balances	2,282,019	2,359,558	2,397,740	2,039,773	519,504	2,255,052	11,853,646
Total liabilities and fund balances	\$ 4,486,396	\$ 7,434,056	\$ 6,723,051	\$ 2,848,880	\$ 2,103,424	\$ 2,776,968	\$ 26,372,775

Charter Township of Northville

Governmental Funds **Reconciliation of the Fund Balances to the Statement of Net Assets** **December 31, 2010**

Fund Balance Reported in Governmental Funds	\$ 11,853,646
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	55,633,586
Investments in joint ventures are not financial resources and are not reported in the funds	2,964,577
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	525,718
Grants and other receivables that are not collected within 60 days of year end are not available currently and are not recorded in the funds	400,000
Bonds payable, estimated self-insurance claims, and accumulated compensated absences are not due and payable in the current period and are not reported in the funds	(38,711,690)
Accrued interest is not due and payable in the current period and is not reported in the funds	(363,207)
Net prepayments of retiree healthcare obligations relate to expenses of future periods; however, they are recognized in the funds when paid	<u>2,802,069</u>
Net Assets of Governmental Activities	<u><u>\$ 35,104,699</u></u>

Charter Township of Northville

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2010

	General Fund	Police	Fire	Shared Services	Seven Mile Road Property Purchase Fund	Nonmajor Funds	Total
Revenue							
Property taxes	\$ 1,279,985	\$ 5,056,507	\$ 3,657,486	\$ 1,637,187	\$ 1,839,438	\$ -	\$ 13,470,603
Building department	688,833	-	-	-	-	-	688,833
Federal sources	-	45,791	40,500	78,833	-	38,213	203,337
State sources	4,918,976	-	-	-	-	-	4,918,976
Investment income	32,310	31,493	5,281	3,611	790	41,656	115,141
Licensing and enforcement	-	314,475	-	-	-	-	314,475
Other revenue	684,961	380,680	241,639	-	-	355,877	1,663,157
Total revenue	7,605,065	5,828,946	3,944,906	1,719,631	1,840,228	435,746	21,374,522
Expenditures - Current							
General government:							
Legislative	1,313,103	-	-	-	-	47,163	1,360,266
Treasurer	977,899	-	-	-	-	-	977,899
Clerk	354,736	-	-	-	-	-	354,736
Insurance and other functions	-	-	-	-	-	613,047	613,047
Public safety:							
Police department	-	5,845,317	-	-	-	50,679	5,895,996
Fire department	-	-	3,684,062	-	-	-	3,684,062
Building department	381,263	-	-	-	-	-	381,263
Community and economic development:							
Community development programs	-	-	-	-	-	38,213	38,213
Planning and zoning	226,262	-	-	-	-	-	226,262
Shared services	-	-	-	1,146,241	-	202,444	1,348,685
Capital outlay	4,000,000	-	-	-	-	53,575	4,053,575
Debt service	-	-	-	-	1,439,812	1,525,753	2,965,565
Total expenditures	7,253,263	5,845,317	3,684,062	1,146,241	1,439,812	2,530,874	21,899,569
Excess of Revenue Over (Under) Expenditures	351,802	(16,371)	260,844	573,390	400,416	(2,095,128)	(525,047)
Other Financing Sources (Uses)							
Proceeds from sale of assets	3,625	13,562	1,966	-	-	-	19,153
Transfers in (Note 7)	-	-	-	-	-	1,476,636	1,476,636
Transfers out (Note 7)	(585,496)	(185,165)	(370,331)	-	-	(212,200)	(1,353,192)
Total other financing (uses) sources	(581,871)	(171,603)	(368,365)	-	-	1,264,436	142,597
Net Change in Fund Balances	(230,069)	(187,974)	(107,521)	573,390	400,416	(830,692)	(382,450)
Fund Balances - Beginning of year	2,512,088	2,547,532	2,505,261	1,466,383	119,088	3,085,744	12,236,096
Fund Balances - End of year	\$ 2,282,019	\$ 2,359,558	\$ 2,397,740	\$ 2,039,773	\$ 519,504	\$ 2,255,052	\$ 11,853,646

Charter Township of Northville

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ (382,450)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	4,079,100
Depreciation expense	(1,229,969)
Net book value of assets disposed of	(46,323)
Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 60 days of year end	274,742
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,595,000
Change in accrued interest payable	(76,991)
Increase in accumulated employee sick and vacation pay reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until they come due for payment	(1,356,748)
Equity interest in the 35th District Courthouse Authority is not reported in the governmental funds	90,765
Equity interest in the Northville Parks and Recreation Commission is not reported in the governmental funds	169,192
Net prepayments of retiree healthcare obligations relate to expenditures in future periods and are not reported in the funds	620,815
Change in Net Assets of Governmental Activities	<u>\$ 3,737,133</u>

Charter Township of Northville

Proprietary Funds - Enterprise Funds Statement of Net Assets December 31, 2010

	Enterprise Funds		
	Water and Sewer	Nonmajor Solid Waste	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 2,541,804	\$ 393,350	\$ 2,935,154
Cash segregated for capital purposes (Notes 3 and 4)	20,547,588	-	20,547,588
Receivables:			
Special assessments	189,708	-	189,708
Customers	1,796,970	-	1,796,970
Other	153,548	-	153,548
Due from other funds (Note 7)	5,484	-	5,484
Prepaid items and other assets	46,846	-	46,846
Total current assets	25,281,948	393,350	25,675,298
Noncurrent assets:			
Investment in joint venture (Note 13)	9,837,672	-	9,837,672
Capital assets - Depreciable assets - Net (Note 6)	52,712,535	-	52,712,535
Other postemployment benefit asset (Note 12)	379,107	-	379,107
Total noncurrent assets	62,929,314	-	62,929,314
Total assets	88,211,262	393,350	88,604,612
Liabilities			
Current liabilities:			
Accounts payable and other accrued liabilities	739,574	94,431	834,005
Accrued interest	41,929	-	41,929
Deferred revenue (Note 5)	-	198,576	198,576
Current portion of long-term debt (Note 8)	187,503	-	187,503
Total current liabilities	969,006	293,007	1,262,013
Noncurrent liabilities - Long-term debt - Net of current portion (Note 8)	5,901,450	-	5,901,450
Total liabilities	6,870,456	293,007	7,163,463
Net Assets			
Invested in capital assets - Net of related debt	46,887,535	-	46,887,535
Unrestricted	34,453,271	100,343	34,553,614
Total net assets	\$ 81,340,806	\$ 100,343	\$ 81,441,149

Charter Township of Northville

Proprietary Funds - Enterprise Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2010

	Enterprise Funds		
	Water and Sewer	Nonmajor Solid Waste	Total
Operating Revenue			
Water sales and sewer services	\$ 9,309,920	\$ -	\$ 9,309,920
Solid waste charges	-	1,183,980	1,183,980
Other revenue	206,001	-	206,001
Total operating revenue	9,515,921	1,183,980	10,699,901
Operating Expenses			
Cost of water	3,695,093	-	3,695,093
Cost of sewage disposal	4,960,084	-	4,960,084
Salaries and wages	967,679	-	967,679
Collection and recycling charges	-	1,221,053	1,221,053
Fringe benefits	304,217	-	304,217
System maintenance and operation	307,385	-	307,385
General and administrative	603,807	17,350	621,157
Depreciation	1,779,155	-	1,779,155
Total operating expenses	12,617,420	1,238,403	13,855,823
Operating Loss	(3,101,499)	(54,423)	(3,155,922)
Nonoperating Revenue (Expenses)			
Interest income	385,252	429	385,681
Interest expense	(235,059)	-	(235,059)
Loss on sale of assets	(156,194)	-	(156,194)
Special assessments	62,735	-	62,735
Customer connection fees	901,565	-	901,565
Loss - Before contributions	(2,143,200)	(53,994)	(2,197,194)
Capital Contributions - Lines constructed by developers	338,217	-	338,217
Transfers Out	(123,444)	-	(123,444)
Change in Net Assets	(1,928,427)	(53,994)	(1,982,421)
Net Assets - Beginning of year	83,269,233	154,337	83,423,570
Net Assets - End of year	\$ 81,340,806	\$ 100,343	\$ 81,441,149

Charter Township of Northville

Proprietary Funds - Enterprise Funds Statement of Cash Flows Year Ended December 31, 2010

	Enterprise Funds	
	Water and Sewer	Nonmajor Solid Waste
Cash Flows from Operating Activities		
Receipts from customers	\$ 9,286,491	\$ 1,186,416
Payments to suppliers	(10,804,428)	(1,233,244)
Payments to employees	(1,229,984)	-
Net cash used in operating activities	(2,747,921)	(46,828)
Cash Flows from Noncapital Financing Activities -		
Collections of loans made to other funds	44,192	-
Cash Flows from Capital and Related Financing Activities		
Special assessment collections	37,990	-
Proceeds from sales of capital assets	4,000	-
Purchase of capital assets	(496,006)	-
Principal and interest paid on capital debt	(335,712)	-
Collection of connection fees	901,565	-
Transfers to other funds for debt service	(127,444)	-
Net cash used in capital and related financing activities	(15,607)	-
Cash Flows from Investing Activities - Interest received on investments	380,960	429
Net Decrease in Cash and Cash Equivalents	(2,338,376)	(46,399)
Cash and Cash Equivalents - Beginning of year	25,427,768	439,749
Cash and Cash Equivalents - End of year	\$ 23,089,392	\$ 393,350
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and investments	\$ 2,541,804	\$ 393,350
Cash segregated for capital	20,547,588	-
Total cash and cash equivalents	\$ 23,089,392	\$ 393,350

Charter Township of Northville

Proprietary Funds - Enterprise Funds Statement of Cash Flows (Continued) Year Ended December 31, 2010

	Enterprise Funds	
	Water and Sewer	Nonmajor Solid Waste
Reconciliation of Operating Loss to Net Cash from		
Operating Activities		
Operating loss	\$ (3,101,499)	\$ (54,423)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	1,779,155	-
Change in investments in joint venture	(1,188,288)	-
Changes in assets and liabilities:		
Receivables	(229,430)	-
Prepaid and other assets	(10,791)	-
Accounts payable	(38,980)	5,159
Deferred revenue	-	2,436
Accrued and other liabilities	41,912	-
Net cash used in operating activities	<u>\$ (2,747,921)</u>	<u>\$ (46,828)</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2010, developers constructed water and sewer lines with an estimated value of \$338,217 and donated them to the Township's Water and Sewer Fund.

Charter Township of Northville

Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2010

	<u>Agency Funds</u>
Assets - Cash and cash equivalents (Note 3)	<u>\$ 8,314,537</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 17,719
Tax collections distributable	5,417,483
Bonds and deposits	<u>2,879,335</u>
Total liabilities	<u>\$ 8,314,537</u>

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note I - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Northville (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Northville:

Reporting Entity

The Charter Township of Northville is governed by an elected seven-member board of trustees. As required by generally accepted accounting principles, these financial statements present the Charter Township of Northville and its component units. The component units discussed below are included in the Township's reporting entity because of the significance of their operational or financial relationships with the Township.

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

The Northville Township Brownfield Authority, created in 2007, is governed by a seven-member board that is appointed by the Township board of trustees. Although it is legally separate from the Township, it is reported as if it were part of the primary government because of the insignificance of its activity. The sole purpose of the Northville Township Brownfield Authority is to promote revitalization of environmentally distressed areas within the boundaries of the Township.

The Economic Development Corporation (the "EDC") is reported within the component unit column in the financial statements. It is reported in a separate column to emphasize that it is separate from the Township. The EDC was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The EDC's governing body, which consists of nine individuals, is selected by the Township board.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note I - Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. In addition, property taxes collected in December of the current year and January of the subsequent year are available; however, those taxes were levied for the following year's budget; therefore, this revenue has also been deferred.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note I - Summary of Significant Accounting Policies (Continued)

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 Police and Fire Funds are full-service departments whose main source of revenue comes from voter-approved millage on all real property. The funds provide safety, fire suppression, fire prevention, and emergency medical service in the Township.

The Shared Services Fund accounts for various recreation and culture activities within the Township. Revenue consists primarily of voter-approved millage on all real property.

The Seven Mile Road Property Purchase Fund accounts for the acquisition of specific property in the Township and related debt. Revenue consists primarily of voter-approved millage on all real property.

The Township reports the Water and Sewer Fund as its major proprietary fund. This fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.

Additionally, the Township reports Agency Fund types. The Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

The taxable valuation of the Township totaled approximately \$1.9 billion. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2009 tax is levied and collectible on December 1, 2009 and is recognized as revenue in the year ended December 31, 2010, when the proceeds of the levy are budgeted and available for the financing of operations. These amounts are recognized in the respective General and Special Revenue Funds financial statements as tax revenue, net of administrative fees plus collection of delinquent tax revenue.

The Township's tax levy for the year ended December 31, 2010 was as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	\$ 0.6824	\$ 1,242,196
Police and fire special voted mills	4.7000	8,860,993
Shared services special voted mills	0.8750	1,650,187
Debt services special voted mills	0.9661	1,839,438
Total	<u>7.2235</u>	<u>\$ 13,592,814</u>

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note I - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., bike paths and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Governmental activities:

Bike paths and similar items	15 years
Building and improvements	30 years
Vehicles	5 years
Furniture and equipment	5 years
Computer equipment	3 years

Business-type activities:

Water and sewer systems	50-75 years
Buildings and improvements	25 years
Equipment	5-10 years

Compensated Absences - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. When an expense has been incurred for purposes for which both restricted and unrestricted net assets are available, it is the Township's policy to first apply to restricted net assets.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation, to ensure compliance with the building codes. The Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at January 1, 2010		\$	(2,376,223)
Current year permit revenue			688,833
Related expenses:			
Direct costs	\$	361,952	
Estimated indirect costs		389,305	751,257
			<u> </u>
Current year shortfall			<u>(62,424)</u>
Cumulative shortfall at December 31, 2010		\$	<u>(2,438,647)</u>

Note 3 - Deposits and Investments

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

The Township has designated five banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$11,372,777 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

Investment	Fair Value	Weighted Average Maturity
U.S. government agency bond or notes	\$ 14,590,548	11.47

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the Township had investments in five government investment funds that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These funds are fully liquid for withdrawal at any time and the price per unit does not fluctuate with interest earned according to the amount and duration of the investment. At year end, the credit risks of investments are as follows:

Investment	Fair Value	Rating	Rating Organization
Municipal bonds	\$ 444,275	AA	S&P
U.S. government agency bond or notes	11,749,937	AAA	S&P
Asset- and mortgage-backed securities	1,841,899	AAA	S&P
Asset- and mortgage-backed securities	554,436	NR	NR
Bank investment pool	14,708,655	A-1	S&P

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 4 - Cash Segregated for Capital - Water and Sewer

Segregated assets at December 31, 2010 consist of bank deposits. These assets are segregated by board resolution for replacement of plant, major repairs, acquisition of capacity, and facility expansion.

Note 5 - Deferred Revenue

On the fund-based statements, governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. On the government-wide statements, since reporting is based on the full accrual basis of accounting, both governmental and business-type activities report only the unearned revenue as deferred. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds			Enterprise Funds
	Unavailable	Unearned	Total	
Property taxes	\$ -	\$ 12,475,636	\$ 12,475,636	\$ -
Special assessments	525,718	12,603	538,321	-
Forfeitures	-	66,232	66,232	-
Grant revenue and other	400,000	-	400,000	198,576
Total	<u>\$ 925,718</u>	<u>\$ 12,554,471</u>	<u>\$ 13,480,189</u>	<u>\$ 198,576</u>

The deferred revenue totaling \$400,000 included in the governmental funds grant revenue relates to a deposit made by the Township during 2010. The amount was incurred for the acquisition of property in the Township, and is expected to be returned during 2011 as a result of a State of Michigan grant that was awarded to the Township. As it was not returned within 60 days of year end, the Township's accounting policies require the revenue to be deferred.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 6 - Capital Assets

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

	Balance January 1, 2010	Reclassifications	Additions	Disposals	Balance December 31, 2010
Governmental Activities					
Capital assets not being depreciated -					
Land	\$ 36,474,190	\$ -	\$ 3,750,120	\$ -	\$ 40,224,310
Capital assets being depreciated:					
Bike paths	821,319	-	-	-	821,319
Buildings and improvements	17,918,393	-	-	-	17,918,393
Vehicles	2,670,408	-	144,412	104,075	2,710,745
Furniture and equipment	3,177,729	-	107,702	22,714	3,262,717
Computer equipment	912,865	-	76,866	53,232	936,499
Subtotal	25,500,714	-	328,980	180,021	25,649,673
Accumulated depreciation:					
Bike paths	250,254	2,717	45,249	-	298,220
Buildings and improvements	3,903,074	(2,717)	573,604	-	4,473,961
Vehicles	1,863,077	-	287,566	93,749	2,056,894
Furniture and equipment	2,279,548	-	275,770	20,145	2,535,173
Computer equipment	848,173	-	47,780	19,804	876,149
Subtotal	9,144,126	-	1,229,969	133,698	10,240,397
Net capital assets being depreciated	16,356,588	-	(900,989)	46,323	15,409,276
Net capital assets	\$ 52,830,778	\$ -	\$ 2,849,131	\$ 46,323	\$ 55,633,586
Business-type Activities					
Capital assets being depreciated:					
Water and sewer systems	\$ 72,232,031	\$ -	\$ 444,594	\$ (15,626)	\$ 72,660,999
Buildings and improvements	1,549,786	-	-	-	1,549,786
Equipment	3,805,522	-	389,629	(227,513)	3,967,638
Subtotal	77,587,339	-	834,223	(243,139)	78,178,423
Accumulated depreciation:					
Water and sewer systems	19,515,396	-	1,451,245	(15,626)	20,951,015
Buildings and improvements	848,250	-	61,991	-	910,241
Equipment	3,410,032	-	265,919	(71,319)	3,604,632
Subtotal	23,773,678	-	1,779,155	(86,945)	25,465,888
Net capital assets being depreciated	53,813,661	-	(944,932)	(156,194)	52,712,535
Net capital assets	\$ 53,813,661	\$ -	\$ (944,932)	\$ (156,194)	\$ 52,712,535

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 6 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 457,840
Police and fire	721,346
Building department	4,307
Recreation and culture	46,476
Total governmental activities	<u>\$ 1,229,969</u>
Business-type activities - Water and sewer	<u>\$ 1,779,155</u>

Construction Commitments - The Township has no significant active construction projects at year end.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Police Fund	\$ 133,761
	Fire Fund	79,189
	Other nonmajor governmental funds	<u>8,829</u>
	Total General Fund	221,779
Water and Sewer Fund	General Fund	4,652
	Other nonmajor governmental funds	<u>832</u>
	Total Water and Sewer Fund	<u>5,484</u>
	Total	<u>\$ 227,263</u>

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

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 585,496
Police Fund	Nonmajor governmental funds	185,165
Fire Fund	Nonmajor governmental funds	370,331
Nonmajor governmental funds	General Fund	212,200
Water and Sewer Fund	Nonmajor governmental funds	123,444
	Total	<u>\$ 1,476,636</u>

The transfers from the General Fund to the nonmajor governmental funds represent the use of unrestricted resources to finance capital improvements and debt service.

The transfers from the Fire Fund and the Police Fund to the nonmajor governmental funds represent the use of resources to finance debt service.

The transfers from the nonmajor governmental funds to the General Fund represent the transfer of unrestricted funds from the Capital Projects Fund.

The transfers from the Water and Sewer Fund to the nonmajor governmental funds represent the use of resources to finance debt service.

Note 8 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Installment purchase agreements and capital leases are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefiting from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 8 - Long-term Debt (Continued)

The Township's outstanding bond obligations are as follows:

Description	Amount
Governmental Activities:	
<u>General Obligations:</u>	
2003 General Obligation Limited Bonds: Amount of issue - \$15,000,000 Maturing through 2023 Interest rate 3.00% - 4.75%	\$ 11,750,000
2006 General Obligation Bonds: Amount of issue - \$2,645,000 Maturing through 2020 Interest rate 3.75% - 4.00%	2,360,000
2009 Unlimited Tax General Obligation Bonds Series B: Amount of issue - \$18,145,000 Maturing through 2029 Interest rate 6.066% - 6.478%	18,145,000
2009 Unlimited Tax General Obligation Bonds Series A: Amount of issue - \$3,865,000 Maturing through 2014 Interest rate 2.00% - 3.00%	<u>3,135,000</u>
Subtotal	<u>35,390,000</u>
<u>Special Assessment Bonds:</u>	
2009 Special Assessment Limited Tax Bonds: Amount of issue - \$625,000 Maturing through 2024 Interest rate 3.10% - 5.00%	<u>595,000</u>
Total governmental activities bonds	<u>\$ 35,985,000</u>
Business-type Activities:	
<u>General Obligations:</u>	
2007 Capital Improvement Bonds: Amount of issue - \$5,000,000 Maturing through 2027 Interest rate 4.00% - 4.05%	\$ 4,700,000
2009 General Obligation Bonds: Amount of issue - \$1,125,000 Maturity through 2024 Interest rate 3.25% - 4.50%	<u>1,125,000</u>
Total business-type activities bonds	<u>\$ 5,825,000</u>

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 8 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 36,935,000	\$ -	\$ 1,545,000	\$ 35,390,000	\$ 1,740,000
Special assessment bonds	645,000	-	50,000	595,000	30,000
Total bonds payable	37,580,000	-	1,595,000	35,985,000	1,770,000
Estimated self-insurance claims (Note 9)	160,000	265,252	265,252	160,000	160,000
Accumulated compensated absences	1,209,942	1,811,155	454,407	2,566,690	493,002
Total governmental activities	\$ 38,949,942	\$ 2,076,407	\$ 2,314,659	\$ 38,711,690	\$ 2,423,002
Business-type Activities					
General obligation bonds	\$ 5,925,000	\$ -	\$ 100,000	\$ 5,825,000	\$ 125,000
Accumulated compensated absences	141,238	181,409	58,694	263,953	62,503
Total business-type activities	\$ 6,066,238	\$ 181,409	\$ 158,694	\$ 6,088,953	\$ 187,503

Total interest expense for the year was approximately \$1,736,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,770,000	\$ 1,365,628	\$ 3,135,628	\$ 125,000	\$ 231,388	\$ 356,388
2012	1,775,000	1,326,003	3,101,003	225,000	224,575	449,575
2013	1,865,000	1,284,941	3,149,941	225,000	215,763	440,763
2014	1,880,000	1,243,633	3,123,633	250,000	206,950	456,950
2015	1,980,000	1,183,696	3,163,696	275,000	197,325	472,325
2016-2020	11,100,000	4,645,995	15,745,995	1,775,000	802,800	2,577,800
2021-2025	9,425,000	2,284,938	11,709,938	2,150,000	397,450	2,547,450
2026-2029	6,190,000	533,496	6,723,496	800,000	32,400	832,400
Total	\$ 35,985,000	\$ 13,868,330	\$ 49,853,330	\$ 5,825,000	\$ 2,308,651	\$ 8,133,651

As of December 31, 2010, the Water and Sewer Fund has committed to repay a portion of the 2003 General Obligation Limited Tax bonds issued to construct the municipal building. The amount that has been committed is \$1,239,998 and will be paid out by the fund over the life of the bond.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 8 - Long-term Debt (Continued)

Defeased Debt - In prior years, the Township defeased certain bonds by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At December 31, 2010, \$2,360,000 of bonds outstanding are considered to be defeased.

Special Assessment Bonds - The Township has pledged substantially all revenue from the Edenderry Hills Special Assessment District to repay the above special assessment bonds. Proceeds from the bonds provided financing for the Edenderry Hills Special Assessment District (SAD). The bonds are payable solely from the revenue of the SAD. The remaining principal and interest to be paid on the bonds total \$789,091. During the current year, net revenue of the SAD was \$86,046. In 2010, the Township paid \$50,000 and \$26,898 toward principal and interest, respectively.

Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased insurance through the Michigan Municipal Workers' Compensation Fund for workers' compensation claims and participates in the Michigan Municipal Risk Management Authority for claims relating to property loss, torts, errors and omissions, and medical benefits.

The Michigan Municipal League workers' compensation fund operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 9 - Risk Management (Continued)

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2010	2009
Estimated liability - Beginning of year	\$ 160,000	\$ 160,000
Estimated claims incurred, including changes in estimates	265,252	211,497
Claim payments	<u>(265,252)</u>	<u>(211,497)</u>
Estimated liability - End of year	<u>\$ 160,000</u>	<u>\$ 160,000</u>

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers employees in the command and patrol divisions. The plan was approved on April 1, 1998. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the MERS for these employees was established by negotiation with the Township's competitive bargaining units. The Township is required to contribute up to 15 percent of annual payroll and employees are required to contribute amounts in excess of 15 percent.

Annual Pension Cost - For the year ended December 31, 2010, the Township's annual pension cost of \$1,337,954 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2008 using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent to 12.9 percent per year, attributable to seniority/merit, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 28 years.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 10 - Defined Benefit Pension Plan (Continued)

Three-year Trend Information

	Fiscal Year Ended December 31		
	2010	2009	2008
Annual pension cost (APC)	\$ 1,337,954	\$ 1,031,071	\$ 1,076,195
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
	Valuation for the Year Ended December 31		
	2009	2008	2007
Actuarial value of assets	\$ 12,095,899	\$ 10,571,558	\$ 9,352,788
Actuarial accrued liability (AAL)			
(entry age)	18,233,062	17,787,312	14,838,978
Unfunded AAL (UAAL)	6,137,163	7,215,754	5,486,190
Funded ratio	66.3 %	59.4 %	63.0 %
Covered payroll	5,586,475	5,513,324	4,964,854
UAAL as a percentage of covered payroll	109.9 %	130.9 %	110.5 %

Note 11 - Defined Contribution Pension Plan

The Township provides pension benefits to all of its full-time employees not enrolled in the defined benefit plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the board of trustees, the Township contributes 15 percent of employees' base earnings and voluntary employee contributions are allowed. In accordance with these requirements, the Township contributed \$184,874 during the current year and employees contributed \$5,423.

Note 12 - Other Postemployment Benefits (OPEB)

Plan Description - The Township provides health benefits to certain full-time employees upon retirement in accordance with labor contracts. Full-time employees who have completed 25 years of service (15 years if management) can retire and receive benefits under this plan. There is effectively a minimum retirement age of 50 years for fire and water and sewer employees. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 12 - Other Postemployment Benefits (OPEB) (Continued)

This is a single-employer defined benefit plan administered by the Township. Administrative costs are paid by the plan. Currently, 11 retirees and one beneficiary are eligible for healthcare benefits and there are 114 active employees that are expected to retire and receive benefits in the future.

Funding Policy - The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. However, as shown below, the Township has made contributions to advance-fund these benefits, as determined by the Township board through annual budget resolutions. Contributions for postemployment healthcare benefits totaled \$729,444, consisting of \$116,397 in payments of current premiums and \$613,047 in advance funding.

Funding Progress - For the year ended December 31, 2010, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	<u>\$ 28,792</u>
Annual OPEB cost	28,792
Amounts contributed:	
Payments of current premiums	(116,397)
Advance funding	<u>(613,047)</u>
Decrease in net OPEB obligation	(700,652)
OPEB obligation (asset) - Beginning of year	<u>(2,480,524)</u>
OPEB obligation (asset) - End of year	<u>\$ (3,181,176)</u>

The schedule of employer contributions and the net OPEB obligation are as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution *</u>	<u>Percentage Contributed</u>	<u>Net Pension Asset</u>
12/31/08	1/1/07	\$ 1,119,097	100.0	\$ -
12/31/09	1/1/09	128,187	1,935.0	2,480,524
12/31/10	1/1/09	28,792	11,052.0	3,181,176

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

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 12 - Other Postemployment Benefits (OPEB) (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)*	UAAL as a Percentage of Covered Payroll **
1/1/07	\$ 1,014,428	\$ 9,086,172	\$ 8,071,744	11.2	\$ -	\$ -
1/1/09	2,622,392	2,676,437	54,045	98.0	-	-

* Covered payroll - Not available

** UAAL as a percentage of covered payroll - Not available

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The annual required contribution was determined as part of an actuarial valuation at January 1, 2009, using the entry age actuarial cost method. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The actuarial assumptions included a 7.50 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2009 was 30 years.

The following is an allocation of the OPEB asset as of December 31, 2010:

Governmental activities	\$ 2,802,069
Business-type activities	379,107
Total	<u>\$ 3,181,176</u>

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 13 - Joint Ventures

The Township is a member of the Western Township Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth townships. The participating communities provide annual funding for its operations. During the current year, the Township paid WTUA approximately \$4,784,000 for operations, debt, and capital. The Township's equity interest is recorded within the Water and Sewer Fund. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.

The Township is a member of the 35th District Court System and has an equity interest in the 35th District Courthouse Authority (the "Courthouse"), which provides judicial services to the Township and various other surrounding communities. The Township appoints one member to the joint venture's board, which then approves the annual budget. The Township's equity interest is recorded within the governmental activities column in the statement of net assets. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. The Township and various other surrounding communities agreed to become guarantors of bonds issued by the Courthouse during 1999. There were bonds outstanding of \$2,770,000 at December 31, 2010, of which the Township guarantees nearly 18.28 percent, or \$506,356. Complete financial statements of the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, MI 48170.

The Township also participates in the Northville Parks and Recreation Commission (Recreation Commission) as a joint venture with the City of Northville. Approval of the annual budget is required by the City of Northville and the Township. The Recreation Commission has been subsidized to the extent that expenditures exceed operating revenue. The Township's equity interest is recorded within the governmental activities column in the statement of net assets. The participating communities provide annual funding for its operations. During the current year, the Township contributed approximately \$883,000 for the Recreation Commission's operations. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the Township in the near future. Complete financial statements for the Recreation Commission can be obtained from the administrative office at 215 West Main, Northville, MI 48167.

Charter Township of Northville

Notes to Financial Statements December 31, 2010

Note 13 - Joint Ventures (Continued)

The investments in joint ventures are recorded in the financial statements as follows:

<u>Joint Venture</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Western Township Utilities Authority (WTUA)	\$ -	\$ 9,837,672	\$ 9,837,672
35th District Court System	619,493	-	619,493
Northville Parks and Recreation Commission	<u>2,345,084</u>	<u>-</u>	<u>2,345,084</u>
Total	<u>\$ 2,964,577</u>	<u>\$ 9,837,672</u>	<u>\$ 12,802,249</u>

Note 14 - Contingent Liabilities

In the regular course of business, the Township is exposed to various litigation. As of December 31, 2010, the monetary exposure to the Township cannot be determined but could be significant.

Note 15 - Upcoming Reporting Change

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The Township will implement GASB Statement No. 54 beginning with the fiscal year ending December 31, 2011.

Required Supplemental Information

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 1,342,218	\$ 1,294,213	\$ 1,279,985	\$ (14,228)
Building department	-	635,016	688,833	53,817
State sources	1,339,698	4,939,698	4,918,976	(20,722)
Interest, transfers in, and miscellaneous	1,022,963	816,790	717,271	(99,519)
Total revenue	3,704,879	7,685,717	7,605,065	(80,652)
Expenditures - Current				
General government:				
Legislative	1,123,044	1,362,094	1,313,103	48,991
Treasurer	853,746	1,045,334	977,899	67,435
Clerk	326,422	341,583	354,736	(13,153)
Total general government expenditures	2,303,212	2,749,011	2,645,738	103,273
Building department	433,451	384,051	381,263	2,788
Planning and zoning	252,764	240,794	226,262	14,532
Capital outlay	-	4,000,000	4,000,000	-
Transfer to other funds	585,496	585,496	585,496	-
Total expenditures	3,574,923	7,959,352	7,838,759	120,593
Excess of Revenue Over (Under) Expenditures	129,956	(273,635)	(233,694)	39,941
Other Financing Sources - Proceeds				
from sale of assets	-	-	3,625	3,625
Net Change in Fund Balance	129,956	(273,635)	(230,069)	43,566
Fund Balance - Beginning of year	2,512,088	2,512,088	2,512,088	-
Fund Balance - End of year	<u>\$ 2,642,044</u>	<u>\$ 2,238,453</u>	<u>\$ 2,282,019</u>	<u>\$ 43,566</u>

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Police Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 4,832,180	\$ 5,095,700	\$ 5,056,507	\$ (39,193)
Interest, transfers in, and miscellaneous	704,759	732,703	772,439	39,736
Total revenue	5,536,939	5,828,403	5,828,946	543
Expenditures - Current				
Public safety	5,657,102	5,588,297	5,845,317	(257,020)
Transfers to other funds	-	185,165	185,165	-
Total expenditures	5,657,102	5,773,462	6,030,482	(257,020)
Excess of Revenue (Under) Over Expenditures	(120,163)	54,941	(201,536)	(256,477)
Other Financing Sources - Proceeds from sale of assets	-	13,562	13,562	-
Net Change in Fund Balance	(120,163)	68,503	(187,974)	(256,477)
Fund Balance - Beginning of year	2,547,532	2,547,532	2,547,532	-
Fund Balance - End of year	<u>\$ 2,427,369</u>	<u>\$ 2,616,035</u>	<u>\$ 2,359,558</u>	<u>\$ (256,477)</u>

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Fire Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 4,032,180	\$ 4,061,609	\$ 3,657,486	\$ (404,123)
Interest, transfers in, and miscellaneous	66,225	90,671	287,420	196,749
Total revenue	4,098,405	4,152,280	3,944,906	(207,374)
Expenditures - Current				
Public safety	3,781,290	3,587,908	3,684,062	(96,154)
Transfers to other funds	-	370,331	370,331	-
Total expenditures	3,781,290	3,958,239	4,054,393	(96,154)
Excess of Revenue Over (Under) Expenditures	317,115	194,041	(109,487)	(303,528)
Other Financing Sources - Gain on sale of capital assets	-	1,966	1,966	-
Net Change in Fund Balance	317,115	196,007	(107,521)	(303,528)
Fund Balance - Beginning of year	2,505,261	2,505,261	2,505,261	-
Fund Balance - End of year	<u>\$ 2,822,376</u>	<u>\$ 2,701,268</u>	<u>\$ 2,397,740</u>	<u>\$ (303,528)</u>

Charter Township of Northville

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Shared Services Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 1,666,783	\$ 1,698,978	\$ 1,637,187	\$ (61,791)
Interest, transfers in, and miscellaneous	5,000	2,500	82,444	79,944
Total revenue	1,671,783	1,701,478	1,719,631	18,153
Expenditures - Current - Recreation and culture	1,270,138	1,239,182	1,146,241	92,941
Net Change in Fund Balance	401,645	462,296	573,390	111,094
Fund Balance - Beginning of year	1,466,383	1,466,383	1,466,383	-
Fund Balance - End of year	<u>\$ 1,868,028</u>	<u>\$ 1,928,679</u>	<u>\$ 2,039,773</u>	<u>\$ 111,094</u>

Charter Township of Northville

Note to Required Supplemental Information Year Ended December 31, 2010

Budgetary Information - The annual budget is prepared by the Township supervisor and adopted by the Township board; subsequent amendments are approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2009 is not known. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds, with the exception that operating transfers have been included in the "revenue" and/or "expenditures" categories, rather than as "other financing sources (uses)."

The Township follows procedures outlined below in establishing the budget reflected in the financial statements:

- The budget process begins in August via an email distribution to various Township departments.
- In August, a preliminary operating budget is adopted for the following year.
- In September, the budget is available for public viewing, a public hearing for truth and taxation takes place, and study sessions occur with the board of trustees.
- In October, the final operating budget is adopted.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparison of actual results of operations to the budgets of the General Fund and Major Special Revenue Funds as adopted by the Township board is included in the required supplemental information of the basic financial statements. A comparison of the actual results of operations to the nonmajor Special Revenue Funds budgets as adopted by the Township is available at the Township Hall for inspection.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Charter Township of Northville incurred significant expenditures that were in excess of the amounts budgeted, as follows:

	Amended Budget	Actual	Variance
Police Fund - Public safety	\$ 5,588,297	\$ 5,845,317	\$ (257,020)
Fire Fund - Public safety	3,587,908	3,684,062	(96,154)

The excess of expenditures over the budgeted amounts in the current year noted above is due to expenditures that came in subsequent to year end that pertained to fiscal year 2010.

Other Supplemental Information

Charter Township of Northville

	Special Revenue Funds					
	Community Development Block Grant	Youth Assistance	General Capital Outlay	Special Operations Team	D.A.R.E.	Retiree Health Care
Assets						
Cash and investments	\$ -	\$ 160,495	\$ 1,082,825	\$ 20,138	\$ 17,959	\$ -
Receivables:						
Special assessments	-	-	-	-	-	-
Other receivables	955	-	-	-	-	-
Due from other governmental units	12,446	-	-	-	-	-
Prepaid expenses and other assets	-	475	-	-	-	-
Total assets	\$ 13,401	\$ 160,970	\$ 1,082,825	\$ 20,138	\$ 17,959	\$ -
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 5,475	\$ 1,034	\$ -	\$ 207	\$ -	\$ -
Due to other funds	7,926	1,735	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	13,401	2,769	-	207	-	-
Fund Balances - Unreserved, reported in						
Special Revenue Funds	-	158,201	1,082,825	19,931	17,959	-
Debt Service Funds	-	-	-	-	-	-
Total fund balances	-	158,201	1,082,825	19,931	17,959	-
Total liabilities and fund balances	\$ 13,401	\$ 160,970	\$ 1,082,825	\$ 20,138	\$ 17,959	\$ -

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010**

Debt Service Funds					Total
Gerald Avenue	Beck Road Park	Land Acquisition	Building Authority	Edenderry Paving SAD Fund	Nonmajor Governmental Funds
\$ 311,388	\$ 5,002	\$ 39,899	\$ 512,985	\$ 106,862	\$ 2,257,553
-	-	-	-	505,539	505,539
-	-	-	-	-	955
-	-	-	-	-	12,446
-	-	-	-	-	475
\$ 311,388	\$ 5,002	\$ 39,899	\$ 512,985	\$ 612,401	\$ 2,776,968
-	-	-	-	-	6,716
-	-	-	-	-	9,661
-	-	-	-	505,539	505,539
-	-	-	-	505,539	521,916
-	-	-	-	-	1,278,916
311,388	5,002	39,899	512,985	106,862	976,136
311,388	5,002	39,899	512,985	106,862	2,255,052
\$ 311,388	\$ 5,002	\$ 39,899	\$ 512,985	\$ 612,401	\$ 2,776,968

Charter Township of Northville

	Special Revenue Funds					
	Community Development Block Grant	Youth Assistance	General Capital Outlay	Special Operations Team	D.A.R.E.	Retiree Health Care
Revenue						
Federal sources	\$ 38,213	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	230	997	36	23	185
Other revenue	-	210,333	-	45,000	200	-
Total revenue	38,213	210,563	997	45,036	223	185
Expenditures - Current						
General government	-	-	-	-	-	613,047
Public safety	-	-	-	50,352	-	327
Community development programs	38,213	-	-	-	-	-
Shared services	-	202,444	-	-	-	-
Capital outlay	-	-	53,575	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	38,213	202,444	53,575	50,352	-	613,374
Excess of Revenue Over (Under) Expenditures	-	8,119	(52,578)	(5,316)	223	(613,189)
Other Financing Sources (Uses)						
Transfers in	-	-	30,000	-	-	-
Transfers out	-	-	(212,200)	-	-	-
Total other financing sources (uses)	-	-	(182,200)	-	-	-
Net Change in Fund Balances	-	8,119	(234,778)	(5,316)	223	(613,189)
Fund Balances - Beginning of year	-	150,082	1,317,603	25,247	17,736	613,189
Fund Balances - End of year	\$ -	\$ 158,201	\$ 1,082,825	\$ 19,931	\$ 17,959	\$ -

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2010

Debt Service Funds					Total
Gerald Avenue	Beck Road Park	Land Acquisition	Building Authority	Edenderry Paving SAD Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,213
475	6	172	1,355	38,177	41,656
14,298	-	-	-	86,046	355,877
14,773	6	172	1,355	124,223	435,746
-	-	-	-	47,163	660,210
-	-	-	-	-	50,679
-	-	-	-	-	38,213
-	-	-	-	-	202,444
-	-	-	-	-	53,575
21,705	-	212,362	1,234,688	56,998	1,525,753
21,705	-	212,362	1,234,688	104,161	2,530,874
(6,932)	6	(212,190)	(1,233,333)	20,062	(2,095,128)
-	-	212,200	1,234,436	-	1,476,636
-	-	-	-	-	(212,200)
-	-	212,200	1,234,436	-	1,264,436
(6,932)	6	10	1,103	20,062	(830,692)
318,320	4,996	39,889	511,882	86,800	3,085,744
\$ 311,388	\$ 5,002	\$ 39,899	\$ 512,985	\$ 106,862	\$ 2,255,052

Charter Township of Northville

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds December 31, 2010

	Agency Funds			
	Tax Collection Fund	Water and Sewer Agency Fund	Township Escrow Fund	Total Agency Funds
Assets - Cash and cash equivalents	<u>\$ 5,417,483</u>	<u>\$ 951,928</u>	<u>\$ 1,945,126</u>	<u>\$ 8,314,537</u>
Liabilities				
Accounts payable	\$ -	\$ 11,596	\$ 6,123	\$ 17,719
Tax collections distributable	5,417,483	-	-	5,417,483
Bonds and deposits	-	940,332	1,939,003	2,879,335
Total liabilities	<u>\$ 5,417,483</u>	<u>\$ 951,928</u>	<u>\$ 1,945,126</u>	<u>\$ 8,314,537</u>