

**Charter Township of Chesterfield
Macomb County, Michigan**

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

Charter Township of Chesterfield

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Chesterfield
Macomb 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 Chesterfield, Macomb County, Michigan (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 Chesterfield, Macomb County, Michigan'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 opinions.

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 unit, each major fund, and the aggregate remaining fund information of the Charter Township of Chesterfield, Macomb County, Michigan 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 Chesterfield
Macomb County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Chesterfield, Macomb County, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the 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.

As described in Note I, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, during the year. As a result, beginning net assets were restated by \$1,087,270.

Plante & Morse, PLLC

June 9, 2011

Charter Township of Chesterfield

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Chesterfield's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2010. Please read it in conjunction with the Township's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

The Charter Township of Chesterfield as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
	(as restated)					
Assets						
Current and other assets	\$ 34,386,471	\$ 34,021,428	\$ 18,507,472	\$ 14,746,665	\$ 52,893,943	\$ 48,768,093
Capital assets	<u>24,914,643</u>	<u>25,548,975</u>	<u>67,782,679</u>	<u>60,918,792</u>	<u>92,697,322</u>	<u>86,467,767</u>
Total assets	59,301,114	59,570,403	86,290,151	75,665,457	145,591,265	135,235,860
Liabilities						
Long-term liabilities	5,491,500	6,086,500	25,483,872	14,667,169	30,975,372	20,753,669
Other liabilities	<u>15,074,321</u>	<u>15,616,181</u>	<u>2,497,261</u>	<u>2,662,285</u>	<u>17,571,582</u>	<u>18,278,466</u>
Total liabilities	<u>20,565,821</u>	<u>21,702,681</u>	<u>27,981,133</u>	<u>17,329,454</u>	<u>48,546,954</u>	<u>39,032,135</u>
Net Assets						
Invested in capital assets -						
Net of related debt	18,828,143	18,857,475	44,741,412	45,751,389	63,569,555	64,608,864
Restricted	12,368,978	12,234,274	9,747,972	8,628,038	22,116,950	20,862,312
Unrestricted	<u>7,538,172</u>	<u>6,775,973</u>	<u>3,819,634</u>	<u>3,956,576</u>	<u>11,357,806</u>	<u>10,732,549</u>
Total net assets	<u>\$ 38,735,293</u>	<u>\$ 37,867,722</u>	<u>\$ 58,309,018</u>	<u>\$ 58,336,003</u>	<u>\$ 97,044,311</u>	<u>\$ 96,203,725</u>

Charter Township of Chesterfield

Management's Discussion and Analysis (Continued)

The Township's combined net assets increased 2.0 percent from a year ago - increasing from \$95,116,518 to \$97,044,311, before the implementation of GASB No. 51. As we look at the governmental activities separately from the business-type activities, we can see that unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, increased by \$762,199 for the governmental activities. This represents an increase of approximately 11.2 percent. The current level of unrestricted net assets for our governmental activities stands at \$7,538,172, or about 39 percent of expenses. Taking a look at the business-type activities, unrestricted net assets decreased by \$136,942. This represents a decrease of approximately 3.5 percent.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue						
Program revenue:						
Charges for services	\$ 2,998,808	\$ 2,571,294	\$ 10,300,749	\$ 8,864,144	\$ 13,299,557	\$ 11,435,438
Operating grants and contributions	442,128	267,117	-	-	442,128	267,117
Capital grants and contributions	5,457	161,209	733,478	488,851	738,935	650,060
General revenue:						
Property taxes	13,370,545	14,685,977	-	-	13,370,545	14,685,977
State-shared revenues	2,618,744	2,328,751	-	-	2,618,744	2,328,751
Investment earnings	124,519	264,539	125,351	144,152	249,870	408,691
Franchise fees	643,215	575,697	-	-	643,215	575,697
Proceeds from sale of fixed assets	35,406	94,785	-	-	35,406	94,785
Transfers and other revenue	57,476	-	-	-	57,476	-
Total revenue	20,296,298	20,949,369	11,159,578	9,497,147	31,455,876	30,446,516
Program Expenses						
General government	3,662,508	3,726,401	-	-	3,662,508	3,726,401
Public safety	13,024,748	13,024,982	-	-	13,024,748	13,024,982
Street, sidewalks, and drains	1,403,061	1,505,456	-	-	1,403,061	1,505,456
Recreation and culture	1,062,442	811,000	-	-	1,062,442	811,000
Interest on long-term debt	275,968	302,952	-	-	275,968	302,952
Water and sewer	-	-	11,106,884	10,748,490	11,106,884	10,748,490
Brandenburg Park	-	-	79,679	86,114	79,679	86,114
Total program expenses	19,428,727	19,370,791	11,186,563	10,834,604	30,615,290	30,205,395
Change in Net Assets	\$ 867,571	\$ 1,578,578	\$ (26,985)	\$ (1,337,457)	\$ 840,586	\$ 241,121

Property taxes are the primary source of revenue for the governmental activities, providing approximately 65.9 percent of the total. State-shared revenue provides another 12.9 percent and charges for services provided 14.8 percent, leaving just 6.4 percent being provided by all other sources.

Governmental Activities

The Township's total governmental revenue decreased by \$653,071. The overall decrease, which represents 3.1 percent, is primarily due to reductions in property taxes and investment earnings. Further reductions in property taxes and the continued decrease in building permits is a concern. The total governmental expenses increased by \$57,936.

Charter Township of Chesterfield

Management's Discussion and Analysis (Continued)

Business-type Activities

The Township has two business-type activities. These include the Water and Sewer Fund and the Brandenburg Memorial Park Fund. Revenue for business-type activities was \$11,159,578. Revenue increased by \$1,662,431, or about 17.5 percent. The increase in revenue was primarily due to an increase in charges for water and sewer services. Expenses increased by \$351,959 from prior year. Water and sewer treatment is provided to the Township residents through the Detroit water and sewer department. Revenue from water and sewer operations was \$10,438,982, including contributions from developers. Revenue from the Township's operation of Brandenburg Memorial Park was \$74,239.

The Township's Funds

Our analysis of the Township's major funds begins on page 10, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2010 include the General Fund, Fire Department Operating Fund, Fire Department Equipment Fund, and Police Department Equipment Fund.

The General Fund pays for a majority of the Township's governmental services. The General Fund ended 2010 with a fund balance of \$6,881,726. Revenue decreased by \$383,974 due primarily to an increase in charges for services. Expenditures increased by \$185,343 due primarily to personnel costs.

The Fire Department Operating Fund is funded through a property tax millage. These funds are expended exclusively for the operations of the fire department. The Fire Department Operating Fund ended 2010 with a fund balance of \$1,226,289. Revenue decreased by \$280,101 due primarily to a decrease in property taxes. Expenditures increased by \$54,521 due to an increase in employee-related costs.

The Fire Department Equipment Fund is funded through a property tax millage. These funds are expended exclusively for the housing, vehicles, and equipment used to support the Township fire department. The Fire Department Equipment Fund ended 2010 with a fund balance of \$5,028,864. Revenue decreased by \$89,562 primarily due to a decrease in property taxes and investment earnings. Expenditures increased \$411,847 primarily due to an increase in equipment and capital outlay purchases.

The Police Department Fund is funded by a special assessment. These funds are expended exclusively for the operations of the police department. The police department ended 2010 with a fund balance of \$5,709,368. Revenue decreased by \$803,725 primarily due to a decrease in property taxes and investment earnings. Expenditures decreased by \$255,176 primarily due to a decrease in personnel costs, legal costs, and capital outlay purchases.

Charter Township of Chesterfield

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account unanticipated events during the year. Actual revenue was above budgeted revenue by 2.3 percent. Actual expenditures were 13.8 percent below budget. The Township completed the year with actual revenue over expenditures of \$603,250.

Capital Asset and Debt Administration

At the end of 2010, the Township had \$92,545,186 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Chesterfield Township Finance Department or the clerk's office at 47275 Sugarbush, Chesterfield Township, Michigan 48047.

Charter Township of Chesterfield

Statement of Net Assets December 31, 2010

	Primary Government			Component Unit - Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 2)	\$ 23,452,748	\$ 2,941,018	\$ 26,393,766	\$ 5,597
Receivables - Net:				
Property taxes receivable	8,758,419	-	8,758,419	-
Customer receivables	-	2,206,276	2,206,276	-
Accrued interest receivable	11,095	14,686	25,781	-
Due from other governmental units	1,399,685	66,227	1,465,912	-
Special assessments receivable	394,170	-	394,170	-
Internal balances (Note 4)	(154,577)	154,577	-	-
Inventory	-	188,464	188,464	-
Prepaid expenses	98,680	3,908	102,588	-
Restricted assets (Note 7)	-	12,863,452	12,863,452	-
Other postemployment benefit asset (Note 10)	426,251	68,864	495,115	-
Capital assets (Note 3):				
Assets not subject to depreciation	3,426,712	2,017,397	5,444,109	-
Assets subject to depreciation	21,487,931	65,765,282	87,253,213	-
Total assets	59,301,114	86,290,151	145,591,265	5,597
Liabilities				
Accounts payable	564,761	887,014	1,451,775	-
Accrued liabilities and other	695,856	329,309	1,025,165	-
Deferred revenue (Note 5)	12,609,670	608,063	13,217,733	-
Noncurrent liabilities (Note 6):				
Due within one year	1,204,034	672,875	1,876,909	-
Due in more than one year	5,491,500	25,483,872	30,975,372	-
Total liabilities	20,565,821	27,981,133	48,546,954	-
Net Assets				
Invested in capital assets - Net of related debt	18,828,143	44,741,412	63,569,555	-
Restricted for:				
Water and sewer bond ordinance	-	9,124,030	9,124,030	-
Water and sewer construction and maintenance	-	623,942	623,942	-
Fire operating	1,226,289	-	1,226,289	-
Fire equipment	5,028,864	-	5,028,864	-
Police fund	5,709,368	-	5,709,368	-
Debt service	404,457	-	404,457	-
Unrestricted	7,538,172	3,819,634	11,357,806	5,597
Total net assets	<u>\$ 38,735,293</u>	<u>\$ 58,309,018</u>	<u>\$ 97,044,311</u>	<u>\$ 5,597</u>

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

Charter Township of Chesterfield

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 3,662,508	\$ 1,769,464	\$ 31,758	\$ -
Public safety	13,024,748	902,099	166,635	-
Public works	1,403,061	67,638	-	5,457
Recreation and culture	1,062,442	259,607	243,735	-
Interest on long-term debt	275,968	-	-	-
Total governmental activities	19,428,727	2,998,808	442,128	5,457
Business-type activities:				
Sewer and Water Operations Fund	11,106,884	10,226,510	-	733,478
Brandenburg Park Fund	79,679	74,239	-	-
Total business-type activities	11,186,563	10,300,749	-	733,478
Total primary government	<u>\$ 30,615,290</u>	<u>\$ 13,299,557</u>	<u>\$ 442,128</u>	<u>\$ 738,935</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Assets				
Net Assets - Beginning of year - As restated in Note 1				
Net Assets - End of year				

Statement of Activities
Year Ended December 31, 2010

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit - Economic Development Corporation
\$ (1,861,286)	\$ -	\$ (1,861,286)	\$ -
(11,956,014)	-	(11,956,014)	-
(1,329,966)	-	(1,329,966)	-
(559,100)	-	(559,100)	-
(275,968)	-	(275,968)	-
(15,982,334)	-	(15,982,334)	-
-	(146,896)	(146,896)	-
-	(5,440)	(5,440)	-
-	(152,336)	(152,336)	-
(15,982,334)	(152,336)	(16,134,670)	-
13,370,545	-	13,370,545	-
2,618,744	-	2,618,744	-
124,519	125,351	249,870	132
643,215	-	643,215	-
57,476	-	57,476	50
35,406	-	35,406	-
16,849,905	125,351	16,975,256	182
867,571	(26,985)	840,586	182
37,867,722	58,336,003	96,203,725	5,415
\$ 38,735,293	\$ 58,309,018	\$ 97,044,311	\$ 5,597

Charter Township of Chesterfield

Governmental Funds Balance Sheet December 31, 2010

	General Fund	Fire Department Operating Fund	Fire Department Equipment Fund	Police Department Fund	Nonmajor Funds	Total
Assets						
Cash and cash equivalents (Note 2)	\$ 6,482,792	\$ 2,303,459	\$ 5,336,663	\$ 8,587,591	\$ 742,243	\$ 23,452,748
Receivables:						
Property taxes receivable	1,013,870	2,120,920	519,386	5,104,243	-	8,758,419
Special assessments receivable	70,828	-	-	-	323,342	394,170
Accrued interest receivable	3,315	400	4,151	3,107	122	11,095
Due from other governmental units	1,375,806	-	-	23,879	-	1,399,685
Due from other funds (Note 4)	-	-	-	240	20,175	20,415
Prepaid expenses	3,890	5,715	-	87,045	2,030	98,680
Total assets	\$ 8,950,501	\$ 4,430,494	\$ 5,860,200	\$ 13,806,105	\$ 1,087,912	\$ 34,135,212
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 207,523	\$ 20,847	\$ 64,745	\$ 253,101	\$ 18,545	\$ 564,761
Due to other funds (Note 4)	60,584	24,042	-	85,469	4,897	174,992
Accrued liabilities and other	89,795	131,643	25,328	355,778	15,930	618,474
Deferred revenue (Note 5)	1,710,873	3,027,673	741,263	7,402,389	323,342	13,205,540
Total liabilities	2,068,775	3,204,205	831,336	8,096,737	362,714	14,563,767
Fund Balances						
Reserved for prepaid expenses	3,890	5,715	-	87,045	-	96,650
Unreserved, reported in:						
General Fund	6,877,836	-	-	-	-	6,877,836
Special Revenue Funds	-	1,220,574	5,028,864	5,622,323	320,741	12,192,502
Debt Service Funds	-	-	-	-	404,457	404,457
Total fund balances	6,881,726	1,226,289	5,028,864	5,709,368	725,198	19,571,445
Total liabilities and fund balances	\$ 8,950,501	\$ 4,430,494	\$ 5,860,200	\$ 13,806,105	\$ 1,087,912	\$ 34,135,212

Charter Township of Chesterfield

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets December 31, 2010

Fund Balance Reported in Governmental Funds	\$ 19,571,445
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	24,914,643
Certain receivables are expected to be collected over several years in the General Fund and are not available to pay for current year expenditures	595,870
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(6,086,500)
Accrued interest is not due and payable in the current period and is not reported in the funds	(77,382)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(609,034)
Other postemployment benefits are contributed in excess of requirement and the asset is not reported in the funds	426,251
Net Assets of Governmental Activities	<u>\$ 38,735,293</u>

Charter Township of Chesterfield

Governmental Funds

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

	General Fund	Fire Department Operating Fund	Fire Department Equipment Fund	Police Department Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 1,402,773	\$ 3,253,951	\$ 797,307	\$ 7,910,257	\$ -	\$ 13,364,288
Grants and reimbursements	1,259,097	-	-	141,123	-	1,400,220
Permits and fees	40,632	-	-	-	398,890	439,522
State-shared revenue	2,417,044	-	-	-	-	2,417,044
Charges for services	808,880	-	-	262,462	245,046	1,316,388
Fines and forfeitures	-	-	-	97,892	50	97,942
Investment income	31,482	8,986	14,181	42,903	26,967	124,519
Other revenue:						
Special assessments	24,573	-	-	-	161,253	185,826
Franchise fees	643,215	-	-	-	-	643,215
Other miscellaneous income	82,394	36,412	3,639	140,755	22,803	286,003
Total revenue	<u>6,710,090</u>	<u>3,299,349</u>	<u>815,127</u>	<u>8,595,392</u>	<u>855,009</u>	<u>20,274,967</u>
Expenditures						
Current:						
General government	4,560,761	-	-	-	-	4,560,761
Public safety	-	2,839,503	17,103	8,877,987	853,676	12,588,269
Road maintenance and repair	220,871	-	-	-	-	220,871
Recreation and culture	495,741	-	-	-	242,542	738,283
Capital outlay	-	-	535,684	-	-	535,684
Debt service:						
Principal	225,000	-	105,000	-	275,000	605,000
Interest on long-term debt	136,276	-	120,041	-	28,341	284,658
Total expenditures	<u>5,638,649</u>	<u>2,839,503</u>	<u>777,828</u>	<u>8,877,987</u>	<u>1,399,559</u>	<u>19,533,526</u>
Excess of Revenue Over (Under) Expenditures	1,071,441	459,846	37,299	(282,595)	(544,550)	741,441
Other Financing Sources (Uses)						
Transfers in (Note 4)	-	-	-	-	468,191	468,191
Transfers out (Note 4)	(468,191)	-	-	-	-	(468,191)
Net Change in Fund Balances	603,250	459,846	37,299	(282,595)	(76,359)	741,441
Fund Balances - Beginning of year	<u>6,278,476</u>	<u>766,443</u>	<u>4,991,565</u>	<u>5,991,963</u>	<u>801,557</u>	<u>18,830,004</u>
Fund Balances - End of year	<u>\$ 6,881,726</u>	<u>\$ 1,226,289</u>	<u>\$ 5,028,864</u>	<u>\$ 5,709,368</u>	<u>\$ 725,198</u>	<u>\$ 19,571,445</u>

Charter Township of Chesterfield

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	\$ 741,441
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	1,053,321
Depreciation expense	(1,687,653)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	15,931
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	605,000
Interest expense is recorded when incurred in the statement of activities	8,690
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(14,424)
Annual required contribution related to other postemployment benefits is recorded on the statement of activities based on the actuarial method	<u>145,265</u>
Change in Net Assets of Governmental Activities	<u>\$ 867,571</u>

Charter Township of Chesterfield

Proprietary Funds Statement of Net Assets December 31, 2010

	Enterprise Funds		Total
	Major Enterprise Fund - Sewer and Water Operations Fund	Nonmajor Enterprise Fund - Brandenburg Park Fund	
Assets			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 2,854,920	\$ 86,098	\$ 2,941,018
Receivables:			
Customer receivables	2,206,276	-	2,206,276
Accrued interest receivable	14,686	-	14,686
Due from other governmental units	66,227	-	66,227
Due from other funds (Note 4)	154,577	-	154,577
Inventory	188,464	-	188,464
Prepaid expenses	3,908	-	3,908
Total current assets	<u>5,489,058</u>	<u>86,098</u>	<u>5,575,156</u>
Noncurrent assets:			
Restricted assets (Note 7)	12,863,452	-	12,863,452
Other postemployment benefit asset (Note 10)	68,864	-	68,864
Capital assets (Note 3):			
Assets not subject to depreciation	2,017,397	-	2,017,397
Assets subject to depreciation	64,764,288	1,000,994	65,765,282
Total noncurrent assets	<u>79,714,001</u>	<u>1,000,994</u>	<u>80,714,995</u>
Total assets	<u>85,203,059</u>	<u>1,087,092</u>	<u>86,290,151</u>
Liabilities			
Current liabilities:			
Accounts payable	885,338	1,676	887,014
Accrued liabilities and other	329,309	-	329,309
Deferred revenue (Note 5)	608,063	-	608,063
Current portion of long-term debt (Note 6)	672,875	-	672,875
Total current liabilities	<u>2,495,585</u>	<u>1,676</u>	<u>2,497,261</u>
Noncurrent liabilities - Long-term debt (Note 6)	<u>25,483,872</u>	<u>-</u>	<u>25,483,872</u>
Total liabilities	<u>27,979,457</u>	<u>1,676</u>	<u>27,981,133</u>
Net Assets			
Invested in capital assets - Net of related debt	43,740,418	1,000,994	44,741,412
Restricted:			
Restricted for water and sewer bond ordinance	9,124,030	-	9,124,030
Water and sewer construction and maintenance	623,942	-	623,942
Unrestricted	3,735,212	84,422	3,819,634
Total net assets	<u>\$ 57,223,602</u>	<u>\$ 1,085,416</u>	<u>58,309,018</u>
Net Assets of Business-type Activities			<u><u>\$ 58,309,018</u></u>

Charter Township of Chesterfield

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

	Enterprise Funds		Total
	Major Enterprise Fund - Sewer and Water Operations Fund	Nonmajor Enterprise Fund - Brandenburg Park Fund	
Operating Revenue			
Sale of water	\$ 4,967,449	\$ -	\$ 4,967,449
Sewage disposal charges	5,259,061	-	5,259,061
Fees	-	72,870	72,870
Other	-	1,369	1,369
Total operating revenue	10,226,510	74,239	10,300,749
Operating Expenses			
Water purchases	2,737,696	-	2,737,696
Sewer disposal charges	2,895,908	-	2,895,908
Repairs and maintenance	82,423	-	82,423
Billing and administrative costs	205,910	-	205,910
Personnel services	1,995,112	25,385	2,020,497
Supplies	150,126	3,671	153,797
Other services and charges	391,063	24,985	416,048
Depreciation	1,966,470	25,638	1,992,108
Total operating expenses	10,424,708	79,679	10,504,387
Operating Loss	(198,198)	(5,440)	(203,638)
Nonoperating Revenue (Expenses)			
Investment income	125,130	221	125,351
Interest expense	(682,176)	-	(682,176)
Total nonoperating (expenses) revenue	(557,046)	221	(556,825)
Loss - Before contributions	(755,244)	(5,219)	(760,463)
Capital Contributions			
Tap fees	401,003	-	401,003
Benefit fees	120,003	-	120,003
Capital contributed from developers	212,472	-	212,472
Total capital contributions	733,478	-	733,478
Change in Net Assets	(21,766)	(5,219)	(26,985)
Net Assets - Beginning of year	57,245,368	1,090,635	58,336,003
Net Assets - End of year	<u>\$ 57,223,602</u>	<u>\$ 1,085,416</u>	<u>\$ 58,309,018</u>

Charter Township of Chesterfield

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

	Enterprise Funds		
	Major Enterprise Fund - Sewer and Water Operations Fund	Nonmajor Enterprise Fund - Brandenburg Park Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 10,172,340	\$ 74,239	\$ 10,246,579
Receipts from interfund services and reimbursements	-	(11)	(11)
Payments to suppliers	(6,697,181)	(28,656)	(6,725,837)
Payments to employees	(1,995,112)	(25,385)	(2,020,497)
Other (payments) receipts	(417,894)	739	(417,155)
Net cash provided by operating activities	1,062,153	20,926	1,083,079
Cash Flows from Capital and Related Financing Activities			
Tap fees	401,003	-	401,003
Benefit fees	120,003	-	120,003
Purchase of capital assets	(269,426)	-	(269,426)
Principal and interest paid on capital debt	(1,182,410)	-	(1,182,410)
Net cash used in capital and related financing activities	(930,830)	-	(930,830)
Cash Flows from Investing Activities - Interest received on investments	119,885	221	120,106
Net Increase in Cash and Cash Equivalents	251,208	21,147	272,355
Cash and Cash Equivalents - Beginning of year	11,727,742	64,951	11,792,693
Cash and Cash Equivalents - End of year	<u>\$ 11,978,950</u>	<u>\$ 86,098</u>	<u>\$ 12,065,048</u>
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and investments	\$ 2,854,920	\$ 86,098	\$ 2,941,018
Restricted cash	9,124,030	-	9,124,030
Total cash and cash equivalents	<u>\$ 11,978,950</u>	<u>\$ 86,098</u>	<u>\$ 12,065,048</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (198,198)	\$ (5,440)	\$ (203,638)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	1,966,470	25,638	1,992,108
Changes in assets and liabilities:			
Receivables	(322,363)	739	(321,624)
Due from others	(207,856)	(11)	(207,867)
Inventories	(12,248)	-	(12,248)
Prepaid and other assets	(21,505)	-	(21,505)
Accounts payable	(221,807)	-	(221,807)
Accrued and other liabilities	79,660	-	79,660
Net cash provided by operating activities	<u>\$ 1,062,153</u>	<u>\$ 20,926</u>	<u>\$ 1,083,079</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2010, the Water and Sewer Fund received approximately \$212,000 of lines donated by developers. In addition, Macomb County constructed \$8.4 million, through the end of the year, of sewer lines for the Oakland-Macomb Interceptor project, North Gratiot Interceptor project, and the Macomb Interceptor, of which the Township incurred long-term debt of \$11.5 million. Approximately \$3.1 million of unspent bond proceeds are held by the County.

Charter Township of Chesterfield

Fiduciary Funds Statement of Fiduciary Assets and Liabilities December 31, 2010

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 4,245,588
Accrued interest receivable	<u>197</u>
Total assets	<u>\$ 4,245,785</u>
Liabilities	
Due to other governmental units	\$ 1,940,708
Cash held on behalf of the Library	1,652,418
Deposits and bonds	<u>652,659</u>
Total liabilities	<u>\$ 4,245,785</u>

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of the Charter Township of Chesterfield, Macomb County, Michigan (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 Chesterfield, Macomb County, Michigan:

Reporting Entity

The Charter Township of Chesterfield was organized on December 4, 1989 under the provisions of Act 359 of P.A. 1947, as amended (Charter Township Act). The Charter Township of Chesterfield, Macomb County, Michigan is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component unit, for which the Township is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Discretely Presented Component Unit - The Economic Development Corporation (EDC) was formed to alleviate and prevent conditions of unemployment, and to assist and retain local industries and commercial enterprises in order to strengthen and revitalize the economy of Chesterfield Township. The EDC board is comprised of nine members, of which not more than three can be members of the Township board. The EDC does not issue separate financial statements.

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 unit. 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 Chesterfield

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and 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 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.

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. All other revenue items are considered to be available only when cash is received by the Township.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note I - Nature of Business and Significant Accounting Policies (Continued)

The Township reports the following major governmental funds:

General Fund - 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.

Fire Department Operating Fund - The Fire Department Operating Fund accounts for the operations related to its full-service fire department. The main source of revenue for the Fire Department Operating Fund comes from a voter-approved millage on real and personal property. The approved millage for the Fire Department Operating Fund is to be used for fire operations.

Fire Department Equipment Fund - The Fire Department Equipment Fund accounts for the purchase of fire equipment related to its full-service fire department. The main source of revenue for the Fire Department Equipment Fund comes from a voter-approved millage on real and personal property. The approved millage for the Fire Department Equipment Fund is to be used for the purchase of fire equipment.

Police Department Fund - The Police Department Fund is a full-service department that provides public safety needs for the Township and its residents. The main source of revenue for the police department comes from a voter-approved special assessment millage on all real property.

The Township reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer 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 the following fund type:

Agency Funds - The Agency Funds record primarily tax collections received and remitted to other units of government (the county, school districts, etc.) as well as building bonds and deposits, and cash held on behalf of the Chesterfield Township Library, held for temporary periods. The 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.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 revenues 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.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

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 our 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

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.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The 2009 taxable valuation of the Township totaled \$1.784 billion, on which ad valorem taxes levied consisted of 0.8061 mills for operating purposes, 1.8858 mills for fire operating purposes, 0.4617 mills for acquisition of fire equipment, and 5.0 mills for police operating purposes. This resulted in \$1.39 million for operating, \$4.05 million for fire purposes, and \$7.9 million for police purposes. These amounts are recognized in the respective General and Special Revenue Funds financial statements as tax revenue.

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. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are 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.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

Restricted Assets - A Township ordinance requires amounts to be set aside in the Water and Sewer Major Enterprise Fund for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, along with amounts on deposit at the County being held for the construction or debt service of the Township's sewer lines. In the current year, unspent bond proceeds related to the North Gratiot Drain and Oakland-Macomb Drain projects have been restricted as well.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 \$5,000 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.

Infrastructure, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 to 50 years
Buildings and improvements	20 years
Machinery and equipment	5 to 20 years
Improvements other than buildings	20 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick, vacation pay, and comp time benefits. A liability for unused sick leave is reported in the governmental funds because the Township has a policy to pay employees for unused sick time at the beginning of each year. All unused sick, vacation pay, and comp time are 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.

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.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit Costs - The Township offers both pension and retiree healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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.

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.

New Accounting Pronouncements - During the year, the Township adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The Township elected to implement GASB Statement No. 51 at the beginning of the fiscal year (see Note 3 for further information). The impact of adopting this new statement was to restate the beginning net asset balance as follows:

Beginning net assets - December 31, 2009	\$ 36,780,515
Intangible asset additions	<u>1,087,207</u>
Beginning net assets - As restated	<u>\$ 37,867,722</u>

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 No. 54 beginning with the fiscal year ending December 31, 2011.

Note 2 - 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 law also allows investments outside the state of Michigan when fully insured. The Township 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 10 banks for the deposit of its funds.

The investment policy adopted by the Township board in accordance with Public Act 196 of 1997 has authorized investment in U.S. treasuries, U.S. agencies, instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools, and mutual funds. The Township's deposits and investment policies are in accordance with statutory authority.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 2 - Deposits and Investments (Continued)

The Township's cash and investments are subject to two 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 \$36,147,544 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$4,510,895 was covered by federal depository insurance and \$31,636,649 was 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.

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not place additional limitations relating to credit risk. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pool	\$ 2,602,990	PI	Moody's

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 3 - Capital Assets

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

	Balance (As restated in Note 1) January 1, 2010	Reclassifications	Additions	Disposals	Balance December 31, 2010
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,274,576	\$ -	\$ -	\$ -	\$ 3,274,576
Construction in progress	254,189	(254,189)	152,136	-	152,136
Subtotal	3,528,765	(254,189)	152,136	-	3,426,712
Capital assets being depreciated:					
Infrastructure	15,148,393	-	5,401	-	15,153,794
Buildings and improvements	13,438,722	-	289,474	-	13,728,196
Machinery and equipment	7,607,329	254,189	606,310	-	8,467,828
Improvements other than buildings	2,830,876	-	-	-	2,830,876
Subtotal	39,025,320	254,189	901,185	-	40,180,694
Accumulated depreciation:					
Infrastructure	3,826,508	-	387,836	-	4,214,344
Buildings and improvements	7,205,984	-	550,327	-	7,756,311
Machinery and equipment	5,146,913	-	589,286	-	5,736,199
Improvements other than buildings	825,705	-	160,204	-	985,909
Subtotal	17,005,110	-	1,687,653	-	18,692,763
Net capital assets being depreciated	22,020,210	254,189	(786,468)	-	21,487,931
Net governmental activities capital assets	\$ 25,548,975	\$ -	\$ (634,332)	\$ -	\$ 24,914,643
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 409,484	\$ -	\$ -	\$ -	\$ 409,484
Construction in progress	-	-	1,607,913	-	1,607,913
Subtotal	409,484	-	1,607,913	-	2,017,397
Capital assets being depreciated:					
Infrastructure	65,211,136	-	7,230,791	-	72,441,927
Buildings and improvements	7,095,435	-	-	-	7,095,435
Machinery and equipment	1,269,898	-	17,291	-	1,287,189
Improvements other than buildings	2,426,180	-	-	-	2,426,180
Subtotal	76,002,649	-	7,248,082	-	83,250,731
Accumulated depreciation:					
Infrastructure	11,817,575	-	1,521,845	-	13,339,420
Buildings and improvements	1,508,317	-	349,096	-	1,857,413
Machinery and equipment	844,427	-	77,711	-	922,138
Improvements other than buildings	1,323,022	-	43,456	-	1,366,478
Subtotal	15,493,341	-	1,992,108	-	17,485,449
Net capital assets being depreciated	60,509,308	-	5,255,974	-	65,765,282
Net business-type capital assets	\$ 60,918,792	\$ -	\$ 6,863,887	\$ -	\$ 67,782,679

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 3 - Capital Assets (Continued)

The beginning balance in infrastructure for governmental activities was restated by \$1,087,207 as a result of the implementation of GASB Statement No. 51. As described in Note 1, the Township elected to implement GASB Statement No. 51 at the beginning of the year, which resulted in an increase being taken directly to the beginning net assets.

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

Governmental activities:		
General government		\$ 414,785
Public safety		825,695
Public works		387,836
Recreation and culture		59,337
	Total governmental activities	<u>\$ 1,687,653</u>
Business-type activities:		
Water and Sewer Fund		\$ 1,966,470
Brandenburg Memorial Park Fund		25,638
	Total business-type activities	<u>\$ 1,992,108</u>

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
Nonmajor governmental funds	General Fund	\$ 20,175
Police Department Fund	General Fund	240
Water and Sewer Fund	General Fund	40,169
	Police Department Fund	85,469
	Nonmajor governmental funds	4,897
	Fire Department Fund	24,042
	Total Water and Sewer Fund	<u>154,577</u>
	Total	<u>\$ 174,992</u>

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 4 - Interfund Receivables, Payables, and Transfers (Continued)

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.

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	<u>\$ 468,191</u>

The transfers from the General Fund to the nonmajor governmental funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations.

Note 5 - Deferred Revenue

Statement of Net Assets - On the statement of net assets, the deferred revenue in the governmental activities represents property taxes levied on December 1, 2009, but recognized as revenue in the year ended December 31, 2010 when the proceeds of the levy are budgeted and available for financing operations. Also, deferred revenue is recorded for state-shared revenue payment due to the Township from the state based on the results of the 2010 census. The monies were received outside the 60-day period of availability. The deferred revenue in the business-type activities represents money paid by customers for the right to tap into the Township's water and sewer lines. However, as of December 31, 2010, the right has not been exercised.

Governmental Fund Balance Sheet - 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.

Proprietary Funds Balance Sheet - Proprietary funds defer revenue recognition in connection with resources that have been received but not yet earned.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 5 - Deferred Revenue (Continued)

At the end of the current fiscal year, the various components of deferred revenue recorded on the governmental and proprietary funds balance sheet are as follows:

	Governmental Funds			Enterprise Funds
	Unavailable	Unearned	Total	Unearned
Property taxes	\$ -	\$ 12,407,970	\$ 12,407,970	\$ -
State-shared revenue	-	201,700	201,700	-
Special assessments	595,870	-	595,870	-
Water and sewer taps	-	-	-	608,063
Total	<u>\$ 595,870</u>	<u>\$ 12,609,670</u>	<u>\$ 13,205,540</u>	<u>\$ 608,063</u>

Note 6 - 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. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited 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.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 6 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Range	Principal Maturity Range	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
Fire Station Building Bonds	3.25% - 5.25%	\$140,000 - \$315,000	\$ 3,076,500	\$ -	\$ (105,000)	\$ 2,971,500	\$ 140,000
2007 Capital Improvement Bonds	4.00% - 4.25%	\$50,000 - \$100,000	1,400,000	-	(50,000)	1,350,000	50,000
Installment purchase agreements - Police building	6.10% - 6.25%	\$200,000 - \$275,000	1,375,000	-	(175,000)	1,200,000	200,000
Special assessment bonds:							
Paving District 138	5.10% - 5.20%	\$70,000	70,000	-	(70,000)	-	-
Paving District 142	4.25%	\$15,000 - \$20,000	35,000	-	(15,000)	20,000	20,000
Paving Districts 140 and 143	4.13% - 4.50%	\$35,000 - \$40,000	110,000	-	(40,000)	70,000	35,000
Paving District 148	2.40% - 3.50%	\$150,000 - \$175,000	625,000	-	(150,000)	475,000	150,000
Total bonds and notes payable			6,691,500	-	(605,000)	6,086,500	595,000
Accumulated compensated absences			594,610	609,034	(594,610)	609,034	609,034
Total governmental activities			<u>\$ 7,286,110</u>	<u>\$ 609,034</u>	<u>\$ (1,199,610)</u>	<u>\$ 6,695,534</u>	<u>\$ 1,204,034</u>
Business-type Activities							
General obligation bonds - D.P.W. Building Bonds							
	3.25% - 5.25%	\$260,000 - \$585,000	\$ 5,713,500	\$ -	\$ (195,000)	\$ 5,518,500	\$ 260,000
Installment purchase agreements - Water and sewer improvements	2.25%	\$112,475 - \$122,255	816,665	-	(107,585)	709,080	112,475
Drainage District Drain Bonds:							
North Gratiot Drain	3.25% - 4.75%	\$197,649 - \$474,356	8,637,239	-	(197,649)	8,439,590	197,649
North Gratiot Interceptor - Series 1	3.25% - 4.75%	\$14,257- \$34,915	-	621,199	-	621,199	14,548
North Gratiot Interceptor - Series 2, 3, and 4	3.25% - 4.75%	\$79,553 - \$238,659	-	4,152,660	-	4,152,660	79,553
North Gratiot Interceptor - Series 2, 3, and 4	3.25% - 4.75%	\$1,158 - \$3,474	-	60,442	-	60,442	1,158
Oakland-Macomb Interceptor Series 2010B	1.15% - 5.9%	\$7,492 - \$20,506	-	264,208	-	264,208	7,492
Macomb Interceptor Drainage District	1.25% - 5.375%	\$199,512 - \$376,299	-	6,391,068	-	6,391,068	-
Total business-type activities			<u>\$ 15,167,404</u>	<u>\$ 11,489,577</u>	<u>\$ (500,234)</u>	<u>\$ 26,156,747</u>	<u>\$ 672,875</u>

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 6 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations, including the Series 2010A tentative assessment (which is not included in the table above), are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 595,000	\$ 257,255	\$ 852,255	\$ 672,875	\$ 976,022	\$ 1,648,897
2012	635,000	229,535	864,535	1,027,259	953,199	1,980,458
2013	650,000	200,061	850,061	1,035,495	925,969	1,961,464
2014	510,000	169,082	679,082	1,217,686	894,180	2,111,866
2015-2019	1,710,000	571,502	2,281,502	6,004,145	3,900,512	9,904,657
2020-2024	1,686,500	216,664	1,903,164	6,656,503	2,698,115	9,354,618
2025 and thereafter	300,000	18,675	318,675	10,571,065	2,159,544	12,730,609
Total	<u>\$ 6,086,500</u>	<u>\$ 1,662,774</u>	<u>\$ 7,749,274</u>	<u>\$ 27,185,028</u>	<u>\$ 12,507,541</u>	<u>\$ 39,692,569</u>

Commitments - The Township is a part of the Oakland-Macomb Interceptor Drain-Drainage District (OMID). The drainage district issued new debt in the current year. The Series 2010A issuance is a State Revolving Fund loan. At December 31, 2010, the SRF loan had not yet been drawn down upon. However, the Township has been tentatively advised that its assessments to pay the debt related to the Series 2010A bond is \$1,028,281. The scheduled payments related to the Series 2010A bond are included in the debt service requirement table above and \$1,028,281 represents the difference between the principal owed for business-type activity debt in the two tables above.

Note 7 - Restricted Assets

Specific assets of the Water and Sewer Fund have been restricted for operations and maintenance and debt service. Restricted assets at December 31, 2010 consist of cash and cash equivalents and money held on deposit with other governmental units and are reserved in accordance with the water and sewer bond ordinance requirements. The following is the detail of restricted assets at December 31, 2010:

	Water and Sewer Fund
Restricted assets from bond ordinance:	
Cash and cash equivalents	\$ 9,124,030
Less current liabilities payable from restricted assets	(672,875)
Net restricted assets from bond ordinances	8,451,155
Unspent bond proceeds held at the County	3,115,480
Cash held at County for construction and maintenance	623,942
Total Water and Sewer Fund	<u>\$ 12,190,577</u>

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 8 - 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 commercial insurance for medical claims and participates in the Michigan Municipal League Risk Pool for claims relating to workers' compensation and participates in the Michigan Townships Participating Plan for claims relating to property and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program 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 Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Note 9 - Defined Benefit Pension Plan

General Employees

Plan Description - The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers all employees of the Township. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System 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 System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by the Township's board of trustees and requires a contribution from the employees of 2 percent of base wages and a contribution from the employer set at 9.97 percent of participating employees' base wages.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 9 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost - For the year ended December 31, 2010, the Township's annual pension cost of \$536,327 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 normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return and (b) projected salary increases of 4.5 percent per year plus a percentage based on age-related scale to reflect merit, longevity, and promotional salary increases. 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 for the general administration division, and on an open basis for the public works, public safety dispatch, public safety officers, public safety sergeants, and executive divisions. The remaining amortization period is 30 years.

Three-year Trend Information

	Fiscal Year Ended December 31		
	2010	2009	2008
Annual pension cost (APC)	\$ 536,327	\$ 541,288	\$ 526,499
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -
	Actuarial Valuation Date - December 31		
	2009	2008	2007
Actuarial value of assets	\$ 7,592,379	\$ 6,701,144	\$ 5,934,581
Actuarial accrued liability (AAL)	\$ 10,691,524	\$ 10,493,106	\$ 9,502,355
Unfunded AAL (UAAL)	\$ 3,099,145	\$ 3,791,962	\$ 3,567,774
Funded ratio	71.0 %	63.9 %	62.5 %
Covered payroll	\$ 4,953,646	\$ 5,237,268	\$ 5,524,195
UAAL as a percentage of covered payroll	62.6 %	72.4 %	64.6 %

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 9 - Defined Benefit Pension Plan (Continued)

Police Employees

Plan Description - Beginning in 2007, the Township began participating in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan for the police union employees. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System 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 system at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's collective bargaining units. The police agreement requires a contribution from the employer of 10.91 percent. Currently, the employees are not required to contribute.

Annual Pension Cost - For the year ended December 31, 2010, the Township's annual pension cost of \$280,331 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 normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 3 percent to 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The standard amortization period to fund the unfunded liability is 25 years for positive unfunded liabilities and 10 years for negative unfunded liabilities (the amortization period is re-established with each valuation).

Three-year Trend Information

	Fiscal Year Ended December 31		
	2010	2009	2008
Annual pension cost (APC)	\$ 280,331	\$ 312,556	\$ 334,113
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 9 - Defined Benefit Pension Plan (Continued)

	Actuarial Valuation Date - December 31		
	2009	2008	2007
Actuarial value of assets	\$ 4,561,329	\$ 3,726,335	\$ 2,925,895
Actuarial accrued liability (AAL) (entry age)	\$ 5,975,435	\$ 6,223,205	\$ 5,798,586
Unfunded AAL (UAAL)	\$ 1,414,106	\$ 2,496,870	\$ 2,872,691
Funded ratio	76.3 %	59.9 %	50.5 %
Covered payroll	\$ 3,137,510	\$ 3,230,041	\$ 3,107,919
UAAL as a percentage of covered payroll	45.1 %	77.3 %	92.4 %

Command Employees

Plan Description - Beginning in 2007, the Township began participating in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan for the command union employees. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System 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 System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's collective bargaining units. The police agreement requires a contribution from the employer of 13.71 percent. Currently, the employees are not required to contribute.

Annual Pension Cost - For the year ended December 31, 2010, the Township's annual pension cost of \$167,294 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 per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 3 percent to 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The standard amortization period to fund the unfunded liability is 25 years for positive unfunded liabilities and 10 years for negative unfunded liabilities (the amortization period is re-established with each valuation).

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 9 - Defined Benefit Pension Plan (Continued)

Three-year Trend Information

	Fiscal Year Ended December 31		
	2010	2009	2008
Annual pension cost (APC)	\$ 167,294	\$ 186,528	\$ 199,393
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -
	Actuarial Valuation Date - December 31		
	2009	2008	2007
Actuarial value of assets	\$ 2,533,059	\$ 2,120,446	\$ -
Actuarial accrued liability (AAL) (entry age)	\$ 3,406,664	\$ 3,694,475	\$ 3,595,331
Unfunded AAL (UAAL)	\$ 873,605	\$ 1,574,029	\$ 3,595,331
Funded ratio	74.4 %	57.4 %	- %
Covered payroll	\$ 1,093,609	\$ 1,212,930	\$ 1,260,610
UAAL as a percentage of covered payroll	79.9 %	129.8 %	285.2 %

Note 10 - Other Postemployment Benefits

Plan Description - The Township provides postretirement benefits, other than pension benefits, to all full-time employees of the Township through the Chesterfield Township Retiree Health Care Plan. These benefits include certain healthcare and life insurance benefits. All employees with 15 years of service and who are at least 55 years old at retirement are eligible to receive these benefits. This plan is an agent-sponsored multiple employer plan administered by the Michigan Municipal Employees' Retirement System. The Michigan Municipal Employees' Retirement System 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 system at 1134 Municipal Way, Lansing, MI 48917.

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 10 - Other Postemployment Benefits (Continued)

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the Township has made contributions to advance-fund these benefits, as determined by the board of trustees through annual budget resolutions. Currently, the retirees are not required to contribute.

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 December 31, 2008. 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)	\$ 1,263,506
Interest on the prior year's net OPEB asset	(26,446)
Plus adjustment to the annual required contribution	<u>17,636</u>
Annual OPEB cost	1,254,696
Amounts contributed:	
Payments of current premiums	366,558
Advance funding	<u>1,052,680</u>
Increase in net OPEB asset	164,542
OPEB asset - Beginning of year	<u>330,573</u>
OPEB asset - End of year	<u><u>\$ 495,115</u></u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and prior year were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Asset
12/31/08	12/31/08	\$ 1,158,502	112.8	\$ 148,727
12/31/09	12/31/08	1,205,133	115.1	330,572
12/31/10	12/31/08	1,254,696	113.1	495,115

Charter Township of Chesterfield

Notes to Financial Statements December 31, 2010

Note 10 - Other Postemployment Benefits (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)	Annual Covered Payroll (c)	Ratio of UAAL to Covered Payroll
12/31/04	\$ -	\$ 9,996,375	\$ 9,996,375	-	\$ -	-
12/31/08	2,392,850	15,120,552	12,727,702	15.8	-	-

Actuarial Methods and Assumptions - The valuations used the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 3.5 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 accrued liability is amortized as a level of percent of active member payroll over a period of 30 years.

Required Supplemental Information

Charter Township of Chesterfield

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,471,250	\$ 1,471,250	\$ 1,402,773	\$ (68,477)
Grants and reimbursements	1,107,810	1,107,810	1,259,097	151,287
Permits and fees	26,160	26,160	40,632	14,472
State-shared revenue	2,400,000	2,400,000	2,417,044	17,044
Charges for services	899,580	899,580	808,880	(90,700)
Investment income	34,710	34,710	31,482	(3,228)
Other revenue	621,060	621,060	750,182	129,122
Total revenue	6,560,570	6,560,570	6,710,090	149,520
Expenditures				
Current:				
General government:				
Township board	48,400	48,400	45,511	2,889
Township supervisor	118,280	118,280	118,156	124
Accounting	248,920	248,920	233,954	14,966
Planning Commission	53,570	53,570	35,125	18,445
Zoning Board of Appeals	7,320	7,320	6,332	988
Treasurer	322,800	322,800	313,597	9,203
Assessing	380,730	380,730	247,837	132,893
Board of review	3,800	3,800	2,835	965
Clerk	264,540	264,540	256,779	7,761
Elections	213,060	220,060	209,631	10,429
Buildings and grounds	1,173,310	1,173,310	819,666	353,644
Human resources	78,170	78,170	75,165	3,005
Planning and zoning administration	134,860	134,860	125,087	9,773
General administration	2,008,500	2,008,500	1,783,043	225,457
Anchor Bay Harbor storm sewer	75,000	75,000	10,235	64,765
Community Development Block Grant	60,000	210,000	277,808	(67,808)
Total general government	5,191,260	5,348,260	4,560,761	787,499
Streets, sidewalks, and drains	464,730	464,730	220,871	243,859
Recreation and culture	626,370	636,370	495,741	140,629
Debt service	361,280	361,280	361,276	4
Total expenditures	6,643,640	6,810,640	5,638,649	1,171,991
Excess of Revenue (Under) Over Expenditures	(83,070)	(250,070)	1,071,441	1,321,511
Other Financing Uses - Transfers out	(664,370)	(664,370)	(468,191)	196,179
Net Change in Fund Balance	(747,440)	(914,440)	603,250	1,517,690
Fund Balance - Beginning of year	6,278,476	6,278,476	6,278,476	-
Fund Balance - End of year	\$ 5,531,036	\$ 5,364,036	\$ 6,881,726	\$ 1,517,690

Charter Township of Chesterfield

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,350,020	\$ 3,350,020	\$ 3,253,951	\$ (96,069)
Investment income	9,720	9,720	8,986	(734)
Other revenue	82,000	82,000	36,412	(45,588)
Total revenue	3,441,740	3,441,740	3,299,349	(142,391)
Expenditures - Current - Public safety	3,123,530	3,123,530	2,839,503	284,027
Net Change in Fund Balance	318,210	318,210	459,846	141,636
Fund Balance - Beginning of year	766,443	766,443	766,443	-
Fund Balance - End of year	<u>\$ 1,084,653</u>	<u>\$ 1,084,653</u>	<u>\$ 1,226,289</u>	<u>\$ 141,636</u>

Charter Township of Chesterfield

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 820,110	\$ 820,110	\$ 797,307	\$ (22,803)
Investment income	23,610	23,610	14,181	(9,429)
Other revenue	-	-	3,639	3,639
Total revenue	<u>843,720</u>	<u>843,720</u>	<u>815,127</u>	<u>(28,593)</u>
Expenditures				
Current - Public safety	25,000	25,000	17,103	7,897
Capital outlay	191,000	511,000	535,684	(24,684)
Debt service:				
Principal	105,000	105,000	105,000	-
Interest on long-term debt	<u>120,050</u>	<u>120,050</u>	<u>120,041</u>	<u>9</u>
Total expenditures	<u>441,050</u>	<u>761,050</u>	<u>777,828</u>	<u>(16,778)</u>
Net Change in Fund Balance	402,670	82,670	37,299	(45,371)
Fund Balance - Beginning of year	<u>4,991,565</u>	<u>4,991,565</u>	<u>4,991,565</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 5,394,235</u></u>	<u><u>\$ 5,074,235</u></u>	<u><u>\$ 5,028,864</u></u>	<u><u>\$ (45,371)</u></u>

Charter Township of Chesterfield

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 8,178,000	\$ 8,178,000	\$ 7,910,257	\$ (267,743)
Grants and reimbursements	77,730	77,730	141,123	63,393
Charges for services	247,000	247,000	262,462	15,462
Fines and forfeitures	110,000	110,000	97,892	(12,108)
Investment income	100,000	100,000	42,903	(57,097)
Other revenue	103,500	103,500	140,755	37,255
Total revenue	8,816,230	8,816,230	8,595,392	(220,838)
Expenditures - Current - Public safety	9,244,730	9,244,730	8,877,987	366,743
Net Change in Fund Balance	(428,500)	(428,500)	(282,595)	145,905
Fund Balance - Beginning of year	5,991,963	5,991,963	5,991,963	-
Fund Balance - End of year	<u>\$ 5,563,463</u>	<u>\$ 5,563,463</u>	<u>\$ 5,709,368</u>	<u>\$ 145,905</u>

Charter Township of Chesterfield

Note to Required Supplemental Information Year Ended December 31, 2010

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. During the year, the budget was amended in a legally permissible manner.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before September 1, the Township supervisor, finance department, and respective department heads prepare a proposed operating budget for the fiscal year commencing January 1 and submit it to the board. One to two study sessions are held at an open meeting with the board in order to answer any questions. The budget must be adopted through a passage of a budget resolution no later than the last board meeting in December.
2. Public hearings are conducted to obtain citizen comments.
3. The legislative budget is adopted by fund on a departmental basis. Line item detail is provided as a general guideline. Throughout the year, the board receives requests to amend the activity budget. All amendments by departments must be approved by a vote of the Township board.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Community Development Block Grant	\$ 210,000	\$ 277,808	\$ (67,808)

General Fund - Community development block grant expenditures were over budget as the bridge construction project expenditures were more than anticipated and the budget was not amended for the additional costs.

Other Supplemental Information

Charter Township of Chesterfield

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Building Inspection Fund	Parks and Recreation Fund	Recreation Land Acquisition	Debt Service Fund	
Assets					
Cash and investments	\$ 5,708	\$ 297,198	\$ 30,083	\$ 409,254	\$ 742,243
Receivables:					
Special assessments receivable	-	-	-	323,342	323,342
Accrued interest receivable	-	97	25	-	122
Due from other funds	20,075	-	-	100	20,175
Prepaid expenses	2,030	-	-	-	2,030
	<u>27,813</u>	<u>297,295</u>	<u>30,108</u>	<u>732,696</u>	<u>1,087,912</u>
Total assets	\$ 27,813	\$ 297,295	\$ 30,108	\$ 732,696	\$ 1,087,912
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 11,883	\$ 6,662	\$ -	\$ -	\$ 18,545
Due to other funds	-	-	-	4,897	4,897
Accrued liabilities and other	15,930	-	-	-	15,930
Deferred revenue	-	-	-	323,342	323,342
	<u>27,813</u>	<u>6,662</u>	<u>-</u>	<u>328,239</u>	<u>362,714</u>
Total liabilities	27,813	6,662	-	328,239	362,714
Fund Balances - Unreserved, reported in					
Special Revenue Funds - Undesignated	-	290,633	30,108	-	320,741
Debt Service Funds - Undesignated	-	-	-	404,457	404,457
	<u>-</u>	<u>290,633</u>	<u>30,108</u>	<u>404,457</u>	<u>725,198</u>
Total fund balances	-	290,633	30,108	404,457	725,198
Total liabilities and fund balances	\$ 27,813	\$ 297,295	\$ 30,108	\$ 732,696	\$ 1,087,912

Charter Township of Chesterfield

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Building Inspection Fund	Parks and Recreation Fund	Recreation Land Acquisition	Debt Service Fund	
Revenue					
Permits and fees	\$ 398,890	\$ -	\$ -	\$ -	\$ 398,890
Charges for services	-	245,046	-	-	245,046
Fines and forfeitures	50	-	-	-	50
Investment income	-	720	163	26,084	26,967
Other revenue	22,703	100	-	161,253	184,056
Total revenue	421,643	245,866	163	187,337	855,009
Expenditures					
Current:					
Public safety	853,676	-	-	-	853,676
Recreation and culture	-	242,542	-	-	242,542
Debt service:					
Principal	-	-	-	275,000	275,000
Interest on long-term debt	-	-	-	28,341	28,341
Total expenditures	853,676	242,542	-	303,341	1,399,559
Excess of Revenue (Under) Over Expenditures	(432,033)	3,324	163	(116,004)	(544,550)
Other Financing Sources -					
Transfers in	432,033	-	-	36,158	468,191
Net Change in Fund Balances	-	3,324	163	(79,846)	(76,359)
Fund Balances - Beginning of year	-	287,309	29,945	484,303	801,557
Fund Balances - End of year	<u>\$ -</u>	<u>\$ 290,633</u>	<u>\$ 30,108</u>	<u>\$ 404,457</u>	<u>\$ 725,198</u>