

**NAPOLEON TOWNSHIP**  
JACKSON COUNTY, MICHIGAN

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

**NAPOLEON TOWNSHIP**  
**ANNUAL FINANCIAL REPORT**

**TABLE OF CONTENTS**

	<u>PAGE NUMBER</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3-8
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>GOVERNMENT-WIDE STATEMENTS:</b>	
GOVERNMENT-WIDE STATEMENT OF NET ASSETS	9
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES	10
<b>FUND FINANCIAL STATEMENTS:</b>	
GOVERNMENTAL FUND BALANCE SHEET	11
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS	12
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	13
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS	15
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS	16
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	17-18
STATEMENT OF NET ASSETS – FIDUCIARY FUNDS	19
STATEMENT OF CHANGES IN NET ASSETS – PENSION TRUST FUND	20
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	21-39
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	40
BUDGETARY COMPARISON SCHEDULE – IMPROVEMENT REVOLVING SPECIAL REVENUE FUND	41

**NAPOLEON TOWNSHIP**  
**ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS (Continued)

	<u>PAGE</u> <u>NUMBER</u>
<b>ADDITIONAL SUPPLEMENTAL INFORMATION:</b>	
<b>NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS:</b>	
COMBINING BALANCE SHEET	42
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	43
<b>INDIVIDUAL FUND FINANCIAL STATEMENTS:</b>	
GOVERNMENTAL FUNDS:	
GENERAL FUND:	
BALANCE SHEET	44
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	45-50
MUNICIPAL BUILDING DEBT SERVICE FUND:	
BALANCE SHEET	51
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	52
CEMETERY EXPANSION SPECIAL REVENUE FUND:	
BALANCE SHEET	53
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	54
STREET LIGHT SPECIAL REVENUE FUND –	
BALANCE SHEET	55
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	56
IMPROVEMENT REVOLVING SPECIAL REVENUE FUND:	
BALANCE SHEET	57
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	58
BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND -	
BALANCE SHEET	59
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	60

**NAPOLEON TOWNSHIP  
ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS (Continued)

	<u>PAGE NUMBER</u>
<b>ADDITIONAL SUPPLEMENTAL INFORMATION:</b> (Continued)	
<b>INDIVIDUAL FUND FINANCIAL STATEMENTS:</b> (Continued)	
GOVERNMENTAL FUNDS: (Continued)	
MEMORIAL SPECIAL REVENUE FUND -	
BALANCE SHEET	61
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	62
PARKS ENDOWMENT SPECIAL REVENUE FUND –	
BALANCE SHEET	63
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	64
CEMETERY URN PERMANENT FUND –	
BALANCE SHEET	65
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	66
ENTERPRISE FUNDS – PROPRIETARY FUNDS:	
SEWER DISTRICT #1 ENTERPRISE FUND:	
STATEMENT OF NET ASSETS	67
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	68
STATEMENT OF CASH FLOWS	69-70
SEWER DISTRICT #2 ENTERPRISE FUND:	
STATEMENT OF NET ASSETS	71
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	72
STATEMENT OF CASH FLOWS	73-74
SEWER DISTRICT #9 ENTERPRISE FUND:	
STATEMENT OF NET ASSETS	75
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	76
STATEMENT OF CASH FLOWS	77-78
WATER DISTRICT #1 ENTERPRISE FUND:	
STATEMENT OF NET ASSETS	79
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	80
STATEMENT OF CASH FLOWS	81-82

**NAPOLEON TOWNSHIP  
ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS (Continued)

	<u>PAGE NUMBER</u>
<b>ADDITIONAL INFORMATION:</b> (Continued)	
<b>INDIVIDUAL FUND FINANCIAL STATEMENTS:</b> (Continued)	
FIDUCIARY FUNDS:	
PENSION TRUST FUND:	
BALANCE SHEET	83
STATEMENT OF CHANGES IN NET ASSETS	84
AGENCY FUNDS:	
COMBINING BALANCE SHEET	85
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES	86
SCHEDULES OF PRINCIPAL AND INTEREST REQUIREMENTS:	
MUNICIPAL BUILDING BONDS - \$3,215,000	87
SEWER DISTRICT #1 CAPITAL LEASE PAYABLE - \$1,125,000	88
SEWER DISTRICT #2 CAPITAL LEASE PAYABLE - \$3,759,770	89
SEWER DISTRICT #2 CAPITAL LEASE PAYABLE - \$1,791,646	90

# MARKOWSKI & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

2880 SPRING ARBOR ROAD • JACKSON • MICHIGAN • 49203

PHONE (517) 782-9351 • FAX (517) 782-0599

### MEMBERS:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

AICPA GOVERNMENTAL AUDIT  
QUALITY CENTER

RONALD L. MARKOWSKI, C.P.A.

DOUGLAS E. ATKINS, C.P.A.

SCOTT O. McLANE

RANDALL D. BIDDIX, C.P.A.

### FOUNDING PARTNER:

K. LAVERNE MARKOWSKI, CPA (1961-2006)

## INDEPENDENT AUDITOR'S REPORT

Napoleon Township Board  
Napoleon, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Napoleon Township, Jackson County, Michigan, (the "Township"), as of and for the year ended June 30, 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 Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, each major fund, and the aggregate remaining fund information of the Township at June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

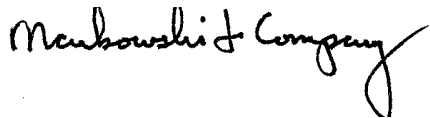
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information presented on pages 3 – 8 and 48 – 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

Independent Auditor's Report  
Page Two

Napoleon Township Board  
Napoleon, Michigan

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**MARKOWSKI & COMPANY CPAs**  
December 28, 2010

## **Management's Discussion and Analysis**

### Napoleon Township Management

Denise Butler, Supervisor

Dan Wymer, Clerk

Sherrill Stetler, Treasurer

Doug Lammers, Trustee

Tim Horsch, Trustee

## Management's Discussion and Analysis

As management of the Napoleon Township, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

- Paid for the balance of a new fire truck – a total investment of \$447,616 over the past two years – without external financing
- Maintained our strong bond rating, reflecting the Township's continuing philosophy of living within its means
- Received a \$249,705 grant for Safe Routes to Schools in partnership with Napoleon Community Schools, which will allow the township to upgrade existing and construct new sidewalks in the neighborhood near the schools
- Established an Aquatic Weed Control Special Assessment District for Olcott Lake at the request of the residents
- Absorbed a significant reduction in State Revenue Sharing and maintained a balanced budget (excluding the aforementioned fire truck purchase, the General Fund realized a \$23,000 surplus!)
- Contained health care costs with minimal increase in Township costs and no additional employee contributions towards premiums

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Napoleon Township's financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences). Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government administration and public safety. The business-type activities of the Township include sewer and water services. The government-wide financial statements can be found on pages 9-10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Improvement Revolving, and Debt Service funds, each of which is considered to be a major fund.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The governmental fund financial statements can be found on pages 11-14 of this report.

**Proprietary funds.** The Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer and water operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 15-18 of this report.

**Fiduciary funds.** The Township also has a Pension Trust Fund, which accounts for the activity of our defined contribution retirement plan. This is where the Township accumulates resources for retirement benefit payments to eligible employees.

The Township also maintains two agency funds – Trust and Agency and the Current Tax funds. These account for assets held for other governments and individuals in an agency capacity.

Financial statements for the fiduciary funds can be found on pages 19-20.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-39 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management discussion and analysis (pages 3-8) and the budgetary comparison schedules for the General and Improvement Revolving funds (pages 40-41). Individual fund schedules can be found on pages 44-86 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Napoleon Township, assets exceeded liabilities by \$1,495,064 at the close of the most recent fiscal year.

A portion of the Township's net assets reflects unrestricted net assets which are available for future operation while a significant portion of net assets is invested in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Assets of Napoleon Township**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2008
Current and other assets	\$ 732,111	\$ 1,211,558	\$ 1,195,172	\$ 1,121,510	\$ 1,927,283	\$ 2,333,068
Capital assets (net)	3,052,562	3,024,792	6,146,630	6,350,941	9,199,192	9,375,733
Other assets	50,510	55,103	1,793,745	2,093,907	1,844,255	2,149,010
Total assets	<u>3,835,183</u>	<u>4,291,453</u>	<u>9,135,547</u>	<u>9,566,358</u>	<u>12,970,730</u>	<u>13,857,811</u>
Long term liabilities	2,075,000	2,250,000	2,378,464	2,644,605	4,453,464	4,894,605
Other liabilities	265,119	498,247	375,346	330,583	640,465	828,830
Total liabilities	<u>2,340,119</u>	<u>2,748,247</u>	<u>2,753,810</u>	<u>2,975,188</u>	<u>5,093,929</u>	<u>5,723,435</u>
Net assets:						
Invested in capital assets, net of related debt	802,562	624,792	3,393,977	3,356,463	4,196,539	3,981,255
Restricted	137,504	177,139	2,342,517	2,608,021	2,480,021	2,785,160
Unrestricted	554,998	741,275	645,243	626,686	1,200,241	1,367,961
Total net assets	<u>\$ 1,495,064</u>	<u>\$ 1,543,206</u>	<u>\$ 6,381,737</u>	<u>\$ 6,591,170</u>	<u>\$ 7,876,801</u>	<u>\$ 8,134,376</u>

The Township's net assets decreased by \$257,575 during this fiscal year, compared to a \$231,021 decrease in 2009. This is primarily due to depreciation of infrastructure in the business-type activities (\$273,021). The governmental activities reported a decrease of \$48,142 compared to 2009's increase of \$20 during the year.

Napoleon Township  
Management's Discussion and Analysis - Continued

**Changes in Net Assets of Napoleon Township**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenue:</b>						
Program revenue:						
Charges for services	\$ 203,226	\$ 211,620	\$ 420,812	\$ 390,062	\$ 624,038	\$ 601,682
Operating grants and contributions	4,329	13,908	-	992	4,329	14,900
Capital grants and contributions	31,697	33,340	3,470	-	35,167	33,340
General revenue:						
Property taxes	544,692	565,745	-	-	544,692	565,745
Other governmental sources	442,231	456,206	-	-	442,231	456,206
Other	60,555	60,145	102,136	113,300	162,691	173,445
<b>Total revenue</b>	<b>1,286,730</b>	<b>1,340,964</b>	<b>526,418</b>	<b>504,354</b>	<b>1,813,148</b>	<b>1,845,318</b>
<b>Expenses:</b>						
General government	489,963	476,868	-	-	489,963	476,868
Public safety	640,401	620,307	-	-	640,401	620,307
Community development	23,498	29,699	-	-	23,498	29,699
Public works	50,654	47,262	-	-	50,654	47,262
Recreation and culture	4,263	4,587	-	-	4,263	4,587
Other	229	5,273	-	-	229	5,273
Capital Outlay	-	19,169	-	-	-	19,169
Interest on long-term debt	125,864	137,779	142,257	155,745	268,121	293,524
Waste Water	-	-	532,245	515,101	532,245	515,101
Water	-	-	61,349	64,549	61,349	64,549
<b>Total expenses</b>	<b>1,334,872</b>	<b>1,340,944</b>	<b>735,851</b>	<b>735,395</b>	<b>2,070,723</b>	<b>2,076,339</b>
Change in net assets	(48,142)	20	(209,433)	(231,041)	(257,575)	(231,021)
Beginning net assets	1,543,206	1,543,186	6,591,170	6,822,211	8,134,376	8,365,397
<b>Net assets - End of year</b>	<b>\$ 1,495,064</b>	<b>\$ 1,543,206</b>	<b>\$ 6,381,737</b>	<b>\$ 6,591,170</b>	<b>\$ 7,876,801</b>	<b>\$ 8,134,376</b>

**Governmental activities**

During the year the Township continued its emphasis in public safety by investing \$640,401 or 48% of governmental activities expenses. General government functions (the assessor, treasurer, and clerk's offices, as well as building operations) made up the bulk of the remaining governmental activities expenses, with 37% or \$489,863. The governmental activities decrease in net assets of \$48,142 indicates that operational costs are covered, but funding for capital asset replacements is lagging behind slightly.

**Business-type activities**

Business-type activities decreased the Township's net assets by \$209,433. This decrease indicates that the township is not fully funding the future replacement of the water and waste water systems, as depreciation expense for 2010 was \$204,311. Treatment fees and maintenance costs continue to increase, causing some pressure for future rate increases..

### **Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$690,592 - a decrease of \$223,069 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$354,798. \$41,328 is reserved due to prepaid expenses (which are not available for spending in a future period) and funds restricted under state law (\$20,909). \$292,561 of the General Fund fund balance is unrestricted. The fund balance of the Township's general fund decreased by \$284,424 during the year. This reflects the transfers to Improvement Revolving Fund to finance the new fire truck chassis and certain other improvements.

The Improvement Revolving and Debt Service funds have total fund balances of \$68,862 and \$111,845 respectively, which changed by \$52,477 and \$(12,878), respectively, during the year. These changes are the result of the setting aside funds for planned future asset acquisitions (Improvement Revolving Fund), and an effort to keep the millage rate as low as possible in the Debt Service fund.

*Proprietary funds.* The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the waste water fund at the end of the year amounted to \$2,544,488. The sewer funds had a decrease in net assets for the year of \$181,977. The Water Fund had \$1,494,732 of unrestricted net assets at the end of the year, which is a decrease of \$27,456.

Sewer rates were dramatically increased during 2009 to offset the treatment fees charged. In light of this, the township has not increased rates to reflect the need of funding the eventual replacement of system assets. This will need to be addressed in the future.

### **Budgetary Highlights**

The Township did amend its budgets during the year, as warranted by changing circumstances. Changes included an increase in grant revenue and capital outlay to reflect the receipt of grants; expenditure budgets were increased to reflect unexpected cost increases (Public Safety and Community/Economic Development).

### **Capital Asset and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounted to \$9,199,192 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure.

Major capital asset additions included the purchase of a new fire truck and related equipment, which was placed in service during late 2009.

Napoleon Township  
 Management's Discussion and Analysis - Continued

**Napoleon Township Capital Assets** (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2008
Land and improvements	\$ 225,517	\$ 234,105	\$ 34,450	\$ 34,450	\$ 259,967	\$ 268,555
Buildings and improvements	1,601,988	1,667,556	-	-	1,601,988	1,667,556
Machinery and equipment	251,584	262,048	-	-	251,584	262,048
Office equipment	41,906	50,894	-	-	41,906	50,894
Vehicles	851,932	722,184	-	-	851,932	722,184
Infrastructure	79,635	88,005	6,112,180	6,316,491	6,191,815	6,404,496
Total revenue	<u>\$ 3,052,562</u>	<u>\$ 3,024,792</u>	<u>\$ 6,146,630</u>	<u>\$ 6,350,941</u>	<u>\$ 9,199,192</u>	<u>\$ 9,375,733</u>

Additional information on the Napoleon Township capital assets can be found in Note 5 on pages 31-32 of this report.

**Napoleon Township Long-term debt.** At the end of the current fiscal year, the Township had total debt outstanding (net of unamortized discount) of \$4,894,605. The Township's total installment debt decreased by \$499,873 during the current fiscal year. The township made all its debt payments according to schedule during 2010.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2008
Contract payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General obligation bonds	2,250,000	2,400,000	-	-	2,250,000	2,400,000
Capital leases	-	-	2,644,605	2,994,478	2,644,605	2,994,478
Total revenue	<u>\$ 2,250,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,644,605</u>	<u>\$ 2,994,478</u>	<u>\$ 4,894,605</u>	<u>\$ 5,394,478</u>

Additional information on the Township's long-term debt can be found in Note 8 on pages 33-35 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Township's budget for the 2010-11 fiscal year:

- State revenue sharing reductions. Another reduction is anticipated for the upcoming fiscal year.
- Napoleon remains one of the few townships in Jackson County that continues to operate its police and fire departments from the general fund without a dedicated millage.
- Continued decrease in property values, and the current appeal of taxable values by the Township's largest taxpayer

The Township continues to investigate ways to share services with other municipalities. Napoleon Township has been a leader in efforts to maximize efficiencies, and currently shares a building inspector, ordinance enforcement officer, and zoning administrator with neighboring Summit Township. The Board should be commended for continuing to share services when possible, and its willingness to cross jurisdictional lines in its efforts to operate the township as efficiently as possible.

**Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Clerk, 6755 W. Brooklyn Rd., Napoleon, Michigan 49261.

**NAPOLEON TOWNSHIP**

**BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**NAPOLEON TOWNSHIP**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

STATEMENT OF NET ASSETS

STATEMENT OF ACTIVITIES

NAPOLEON TOWNSHIP  
 GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
 JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 520,508	\$ 924,544	\$ 1,445,052
Investments	-	-	-
Accounts receivable	20,884	72,737	93,621
Prepaid expenses	41,328	-	41,328
Internal balances	(2,141)	2,141	-
Due from other governments	151,532	-	151,532
Special assessments receivable - Current	-	195,750	195,750
Total current assets	<u>732,111</u>	<u>1,195,172</u>	<u>1,927,283</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets not being depreciated	133,596	34,450	168,046
Capital assets being depreciated, net	2,918,966	6,112,180	9,031,146
Investment in joint venture	-	341,262	341,262
Special assessments receivable - Long Term	-	1,452,483	1,452,483
Bond issuance costs, net	50,510	-	50,510
Total noncurrent assets	<u>3,103,072</u>	<u>7,940,375</u>	<u>11,043,447</u>
Total assets	<u>3,835,183</u>	<u>9,135,547</u>	<u>12,970,730</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	23,117	51,164	74,281
Due to other governments	5,343	-	5,343
Long -term debt payable - Current portion	175,000	286,008	461,008
Deferred loss on refunding - Current portion	-	(19,867)	(19,867)
Accrued interest payable	18,569	25,828	44,397
Accrued payroll	13,059	-	13,059
Accrued leave payable	30,031	-	30,031
Deferred revenue	-	32,213	32,213
Total current liabilities	<u>265,119</u>	<u>375,346</u>	<u>640,465</u>
<b>NONCURRENT LIABILITIES:</b>			
Long -term debt payable - Net of current portion	2,075,000	2,466,645	4,541,645
Deferred loss on refunding - Net of current portion	-	(88,181)	(88,181)
Total noncurrent liabilities	<u>2,075,000</u>	<u>2,378,464</u>	<u>4,453,464</u>
Total liabilities	<u>2,340,119</u>	<u>2,753,810</u>	<u>5,093,929</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	802,562	3,393,977	4,196,539
Restricted	137,504	2,342,517	2,480,021
Unrestricted	554,998	645,243	1,200,241
Total net assets	<u>\$ 1,495,064</u>	<u>\$ 6,381,737</u>	<u>\$ 7,876,801</u>

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

NAPOLEON TOWNSHIP  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental activities</b>							
General government	\$ 489,963	\$ 62,967	\$ 1,461	\$ -	\$ (425,535)	\$ -	\$ (425,535)
Public safety	640,401	94,556	2,868	-	(542,977)	-	(542,977)
Community/economic development	23,498	4,803	-	-	(18,695)	-	(18,695)
Public works	50,654	40,900	-	-	(9,754)	-	(9,754)
Recreation and culture	4,263	-	-	-	(4,263)	-	(4,263)
Other functions	229	-	-	-	(229)	-	(229)
Capital outlay	-	-	-	31,697	31,697	3,470	35,167
Interest on long term debt	125,864	-	-	-	(125,864)	(142,257)	(268,121)
Total governmental activities	1,334,872	203,226	4,329	31,697	(1,095,620)	(138,787)	(1,234,407)
<b>Business-type activities</b>							
Sewer	532,245	387,450	-	-	-	(144,795)	(144,795)
Water	61,349	33,362	-	-	-	(27,987)	(27,987)
Total business-type activities	593,594	420,812	-	-	-	(172,782)	(172,782)
Total government	\$ 1,928,466	\$ 624,038	\$ 4,329	\$ 31,697	(1,095,620)	(311,569)	(1,407,189)
General revenues:							
Property taxes					544,692	-	544,692
State-shared revenues					442,231	-	442,231
Interest and rental income					7,098	102,136	109,234
Franchise fees					38,057	-	38,057
Gain on disposal of capital assets					552	-	552
Other income					14,848	-	14,848
Total general revenues					1,047,478	102,136	1,149,614
Change in net assets					(48,142)	(209,433)	(257,575)
Net assets - Beginning					1,543,206	6,591,170	8,134,376
Net assets - Ending					\$ 1,495,064	\$ 6,381,737	\$ 7,876,801

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

**NAPOLEON TOWNSHIP**

**FUND FINANCIAL STATEMENTS**

GOVERNMENTAL FUND BALANCE SHEET

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET ASSETS - PENSION TRUST FUND

**NAPOLEON TOWNSHIP**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2010**

	GENERAL FUND	IMPROVEMENT REVOLVING FUND	DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 178,420	\$ 68,862	\$ 111,644	\$ 161,582	\$ 520,508
Investments	-	-	-	-	-
Accounts receivable	20,822	-	62	-	20,884
Prepaid expenses	41,328	-	-	-	41,328
Due from other funds	-	-	-	-	-
Due from other governments	151,393	-	139	-	151,532
Total assets	<u>\$ 391,963</u>	<u>\$ 68,862</u>	<u>\$ 111,845</u>	<u>\$ 161,582</u>	<u>\$ 734,252</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	16,622	-	-	6,495	23,117
Accrued payroll	13,059	-	-	-	13,059
Due to other funds	2,141	-	-	-	2,141
Due to other governments	5,343	-	-	-	5,343
Total liabilities	<u>37,165</u>	<u>-</u>	<u>-</u>	<u>6,495</u>	<u>43,660</u>
<b>FUND BALANCES:</b>					
Designated	-	-	-	11,560	11,560
Reserved	62,237	-	-	4,750	66,987
Unreserved and undesignated	292,561	68,862	111,845	138,777	612,045
Total fund balances	<u>354,798</u>	<u>68,862</u>	<u>111,845</u>	<u>155,087</u>	<u>690,592</u>
Total liabilities and fund balances	<u>\$ 391,963</u>	<u>\$ 68,862</u>	<u>\$ 111,845</u>	<u>\$ 161,582</u>	<u>\$ 734,252</u>

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

NAPOLEON TOWNSHIP  
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2010

Total fund balance - total governmental funds	\$	690,592
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.</p>		
Add - Capital assets		5,058,086
Deduct - Accumulated depreciation		(2,005,524)
<p>The issuance costs of the Township Hall construction bonds were expensed when paid in the governmental fund statements. These costs are capitalized and written off over the life of the bonds in the statement of net assets.</p>		
Add - Bond issuance costs		91,847
Deduct - Accumulated amortization		(41,337)
<p>Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.</p>		
		(2,250,000)
<p>Interest on long term debt is reported on the accrual basis in the government- wide statements; unpaid interest not due during the current period is not reported on the governmental fund statements.</p>		
		(18,569)
<p>Accrued leave is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.</p>		
		<u>(30,031)</u>
Net assets of governmental activities	\$	<u><u>1,495,064</u></u>

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

**NAPOLEON TOWNSHIP**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	GENERAL FUND	IMPROVEMENT REVOLVING FUND	DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Taxes	\$ 285,122	\$ -	\$ 259,570	\$ -	\$ 544,692
Licenses and permits	38,157	-	-	26,707	64,864
Intergovernmental	489,790	-	-	-	489,790
Charges for services	104,200	-	-	-	104,200
Fines and forfeitures	30,069	-	-	-	30,069
Interest and rents	5,797	238	573	490	7,098
Other	3,215	-	-	42,250	45,465
Total revenues	<u>956,350</u>	<u>238</u>	<u>260,143</u>	<u>69,447</u>	<u>1,286,178</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General government	382,390	600	-	-	382,990
Public safety	490,064	-	-	28,161	518,225
Community/economic development	23,498	-	-	-	23,498
Public works	2,153	-	-	40,131	42,284
Recreation and culture	3,279	-	-	370	3,649
Other functions	-	-	-	229	229
Capital outlay	33,979	229,472	-	3,800	267,251
Debt service	-	-	273,021	-	273,021
Total expenditures	<u>935,363</u>	<u>230,072</u>	<u>273,021</u>	<u>72,691</u>	<u>1,511,147</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>20,987</u>	<u>(229,834)</u>	<u>(12,878)</u>	<u>(3,244)</u>	<u>(224,969)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfer in (out)	(307,311)	282,311	-	25,000	-
Proceeds from long term debt	-	-	-	-	-
Proceeds from sale of capital assets	1,900	-	-	-	1,900
Total other financing sources (uses)	<u>(305,411)</u>	<u>282,311</u>	<u>-</u>	<u>25,000</u>	<u>1,900</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(284,424)</u>	<u>52,477</u>	<u>(12,878)</u>	<u>21,756</u>	<u>(223,069)</u>
<b>FUND BALANCE - Beginning</b>	<u>639,222</u>	<u>16,385</u>	<u>124,723</u>	<u>133,331</u>	<u>913,661</u>
<b>FUND BALANCE - End of year</b>	<u>\$ 354,798</u>	<u>\$ 68,862</u>	<u>\$ 111,845</u>	<u>\$ 155,087</u>	<u>\$ 690,592</u>

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

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

Net change in fund balances - total governmental funds	\$ (223,069)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Government funds report capital outlay as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets purchased in the current period.</p>	267,710
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.</p>	(238,592)
<p>The net book value of assets sold reduces the gross sale proceeds on the statement of activities</p>	(1,348)
<p>Earned leave expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.</p>	-
<p>Costs related to the issuance of the Township Hall construction bonds were expensed when paid in the governmental fund financial statements. These costs are capitalized and written off over the life of the bonds in the government-wide statements.</p>	(4,593)
<p>Interest on long term debt is reported as an expenditure when paid; the government-wide statements accrue the interest payable between the scheduled payments. The current year change in accrued interest payable is:</p>	1,750
<p>The payments of long term debt consumes the current financial resources of governmental funds, and is reported as an expenditure. These payments reduce the liability on the government-wide financial statements.</p>	<u>150,000</u>
Change in net assets of governmental activities	<u><u>\$ (48,142)</u></u>

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

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2010**

	SEWER FUNDS				WATER #1	TOTAL
	SEWER #1	SEWER #2	SEWER #9	TOTAL		
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 541,659	\$ 35,185	\$ 250,887	\$ 827,731	\$ 96,813	\$ 924,544
Accounts receivable	39,821	18,528	8,908	67,257	5,480	72,737
Special assessments receivable - Current	47,900	146,700	-	194,600	1,150	195,750
Due from other funds	-	2,141	-	2,141	-	2,141
Total current assets	<u>629,380</u>	<u>202,554</u>	<u>259,795</u>	<u>1,091,729</u>	<u>103,443</u>	<u>1,195,172</u>
<b>NONCURRENT ASSETS:</b>						
Capital assets not being depreciated	-	-	-	-	34,450	34,450
Capital assets being depreciated, net	1,066,088	3,234,511	455,139	4,755,738	1,356,442	6,112,180
Investment in joint venture	-	341,262	-	341,262	-	341,262
Special assessments receivable - Long Term	424,464	1,022,269	-	1,446,733	5,750	1,452,483
Total noncurrent assets	<u>1,490,552</u>	<u>4,598,042</u>	<u>455,139</u>	<u>6,543,733</u>	<u>1,396,642</u>	<u>7,940,375</u>
Total assets	<u>2,119,932</u>	<u>4,800,596</u>	<u>714,934</u>	<u>7,635,462</u>	<u>1,500,085</u>	<u>9,135,547</u>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable	16,604	23,166	8,735	48,505	2,659	51,164
Capital lease payable - Current portion	75,000	211,008	-	286,008	-	286,008
Deferred loss on refunding - Current portion	-	(19,867)	-	(19,867)	-	(19,867)
Accrued interest payable	5,888	19,940	-	25,828	-	25,828
Due to other funds	-	-	-	-	-	-
Deferred revenue	8,475	14,258	6,786	29,519	2,694	32,213
Total current liabilities	<u>105,967</u>	<u>248,505</u>	<u>15,521</u>	<u>369,993</u>	<u>5,353</u>	<u>375,346</u>
<b>NONCURRENT LIABILITIES:</b>						
Capital lease payable - Long term portion	675,000	1,791,645	-	2,466,645	-	2,466,645
Deferred loss on refunding - Long term portion	-	(88,181)	-	(88,181)	-	(88,181)
Total noncurrent liabilities	<u>675,000</u>	<u>1,703,464</u>	<u>-</u>	<u>2,378,464</u>	<u>-</u>	<u>2,378,464</u>
Total liabilities	<u>780,967</u>	<u>1,951,969</u>	<u>15,521</u>	<u>2,748,457</u>	<u>5,353</u>	<u>2,753,810</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	316,088	1,231,858	455,139	2,003,085	1,390,892	3,393,977
Restricted for Capital Lease Retirement	829,261	1,513,256	-	2,342,517	-	2,342,517
Unrestricted	193,616	103,513	244,274	541,403	103,840	645,243
Total net assets	<u>\$ 1,338,965</u>	<u>\$ 2,848,627</u>	<u>\$ 699,413</u>	<u>\$ 4,887,005</u>	<u>\$ 1,494,732</u>	<u>\$ 6,381,737</u>

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

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**THE YEAR ENDED JUNE 30, 2010**

	SEWER FUNDS				WATER #1	TOTALS
	SEWER #1	SEWER #2	SEWER #9	TOTAL		
<b>OPERATING REVENUES:</b>						
Charges for services:						
Usage	\$ 125,882	\$ 171,274	\$ 81,813	\$ 378,969	\$ 32,356	\$ 411,325
Other:						
Penalties	3,239	4,244	998	8,481	1,006	9,487
Total operating revenues	129,121	175,518	82,811	387,450	33,362	420,812
<b>OPERATING EXPENSES:</b>						
Operating supplies	-	-	-	-	3,925	3,925
Administrative and professional	11,522	29,677	13,120	54,319	8,437	62,756
Printing and publications	-	-	-	-	271	271
Insurance and bonds	424	227	336	987	720	1,707
Utilities	2,542	-	3,911	6,453	3,077	9,530
Treatment/transportation fees	89,220	124,553	29,237	243,010	-	243,010
Operations and maintenance	15,739	197	5,100	21,036	7,724	28,760
Repairs	1,164	17,122	19,740	38,026	500	38,526
Depreciation	34,407	102,136	31,073	167,616	36,695	204,311
Miscellaneous	164	603	31	798	-	798
Total operating expenses	155,182	274,515	102,548	532,245	61,349	593,594
OPERATING INCOME (LOSS)	(26,061)	(98,997)	(19,737)	(144,795)	(27,987)	(172,782)
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Connection fees	-	3,475	-	3,475	2,500	5,975
Connection expenses	-	-	-	-	(2,505)	(2,505)
Interest income	30,893	70,441	266	101,600	536	102,136
Interest expenses	(37,113)	(105,144)	-	(142,257)	-	(142,257)
Net nonoperating revenues (expenses)	(6,220)	(31,228)	266	(37,182)	531	(36,651)
CHANGE IN NET ASSETS	(32,281)	(130,225)	(19,471)	(181,977)	(27,456)	(209,433)
NET ASSETS - Beginning of year	1,371,246	2,978,852	718,884	5,068,982	1,522,188	6,591,170
NET ASSETS - End of year	\$ 1,338,965	\$ 2,848,627	\$ 699,413	\$ 4,887,005	\$ 1,494,732	\$ 6,381,737

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

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	SEWER FUNDS				WATER #1	TOTAL
	SEWER #1	SEWER #2	SEWER #9	TOTAL		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 110,693	\$ 175,191	\$ 83,545	\$ 369,429	\$ 31,994	\$ <b>401,423</b>
Cash payments for goods and services	(122,844)	(172,742)	(67,886)	(363,472)	(24,085)	<b>(387,557)</b>
Net cash from operating activities	(12,151)	2,449	15,659	5,957	7,909	<b>13,866</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Investment in joint venture	-	(229,016)	-	(229,016)	-	<b>(229,016)</b>
Connection expenses	-	-	-	-	(2,505)	<b>(2,505)</b>
Net cash from noncapital financing activities	-	(229,016)	-	(229,016)	(2,505)	<b>(231,521)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Special assessment installments collected	87,768	232,490	-	320,258	4,134	<b>324,392</b>
Principal payments	(50,000)	-	-	(50,000)	-	<b>(50,000)</b>
Interest payments	(37,463)	-	-	(37,463)	-	<b>(37,463)</b>
Purchases of capital assets	-	-	-	-	-	-
Net cash from capital and related financing activities	305	232,490	-	232,795	4,134	<b>236,929</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Receipt of interest	465	-	266	731	53	<b>784</b>
Net cash from investing activities	465	-	266	731	53	<b>784</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(11,381)</b>	<b>5,923</b>	<b>15,925</b>	<b>10,467</b>	<b>9,591</b>	<b>20,058</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	553,040	29,262	234,962	817,264	87,222	<b>904,486</b>
CASH AND CASH EQUIVALENTS - End of Year	\$ 541,659	\$ 35,185	\$ 250,887	\$ 827,731	\$ 96,813	\$ <b>924,544</b>

**NONCASH ACTIVITY:**

The Wolf Lake Common Fund (joint venture) paid the following on behalf of Sewer District #2:

Principal payments on capital lease payable	\$ 191,825
Interest payments on capital lease payable	85,988
	<u>\$ 277,813</u>

New special assessments were recorded as connection fee revenue

	<u>\$ -</u>
--	-------------

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

**NAPOLEON TOWNSHIP**  
STATEMENT OF CASH FLOWS - (Continued)  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED JUNE 30, 2010

	SEWER FUNDS				WATER #1	TOTAL
	SEWER #1	SEWER #2	SEWER #9	TOTAL		
A reconciliation of income from operations to net cash from operating activities is as follows:						
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (26,061)	\$ (98,997)	\$ (19,737)	\$ (144,795)	\$ (27,987)	\$ (172,782)
Adjustments to reconcile operating income to net cash from operating activities -						
Depreciation	34,407	102,136	31,073	167,616	36,695	204,311
Changes in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	(19,498)	(1,231)	1,938	(18,791)	(1,364)	(20,155)
Interest receivable	-	928	12	940	-	940
Due from other funds	1,099	-	-	1,099	-	1,099
(Decrease) increase in liabilities:						
Accounts payable	(2,069)	(363)	3,589	1,157	569	1,726
Due to other funds	-	-	(1,189)	(1,189)	-	(1,189)
Due to other governments	-	-	-	-	-	-
Deferred revenue	(29)	(24)	(27)	(80)	(4)	(84)
Net cash from operating activities	<u>\$ (12,151)</u>	<u>\$ 2,449</u>	<u>\$ 15,659</u>	<u>\$ 5,957</u>	<u>\$ 7,909</u>	<u>\$ 13,866</u>

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

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2010**

	PENSION FUND	AGENCY FUNDS
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 77,476
Investments - At fair value	466,080	-
Accounts receivable	-	-
Due from other funds	-	-
Due from other governments	-	-
Total assets	466,080	\$ 77,476
 <b>LIABILITIES</b>		
Accounts payable	-	\$ -
Due to other funds	-	-
Due to others	-	37,419
Due to other governments	-	40,057
Deferred revenue	-	-
Total liabilities	-	\$ 77,476
 <b>NET ASSETS</b>		
Held in trust for pension benefits	\$ 466,080	

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

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30 2010**

	PENSION TRUST FUND
<b>OPERATING REVENUES:</b>	
Investment income (loss)	\$ 151,703
Employee contributions	23,633
Employer contributions	33,685
Total operating revenues	209,021
 <b>OPERATING EXPENSES:</b>	
Asset management fees	7,571
Employee withdrawals	1,392,178
Total operating expenses	1,399,749
 NET INCOME (LOSS)	 (1,190,728)
 FUND BALANCE - Beginning of year	 1,656,808
 FUND BALANCE - End of year	 \$ 466,080

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

**NAPOLEON TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**NAPOLEON TOWNSHIP**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**

<u>NOTE</u>	<u>TITLE</u>	<u>PAGE NUMBER</u>
1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:	21
	A. Reporting Entity	21
	B. Joint Venture	21
	C. Government-Wide and Fund Financial Statements	21
	D. Measurement Focus, Basis of Accounting and Financial Statement Presentation	22
	E. Assets, Liabilities, and Net Assets/Equity	25
	1. Deposits and Investments	25
	2. Receivables and Payables	25
	3. Prepaid Expenses	25
	4. Capital Assets	25
	5. Accrued Leave Payable	26
	6. Deferred Revenue	26
	7. Long-Term Obligations	26
	8. Fund Equity	27
	9. Comparative Data	27
	10. Estimates	27
2	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:	27
	A. Budgetary Information	27
	B. Excess of Expenditures Over Appropriations	28
3	DEPOSITS AND INVESTMENTS	28
4	INTERFUND RECEIVABLES AND TRANSFERS	30
5	CAPITAL ASSETS	31
6	INVESTMENT IN JOINT VENTURE	32
7	SPECIAL ASSESSMENTS RECEIVABLE	33
8	LONG-TERM DEBT	33
	A. Governmental Activities Long-Term Debt	33
	B. Business-Type Activities Long-Term Debt	33
9	DEFERRED LOSS ON REFUNDING	35
10	FUND EQUITY	36
	A. Reserves and Designations	36

**NAPOLEON TOWNSHIP**  
INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS (Continued)

<u>NOTE</u>	<u>TITLE</u>	<u>PAGE NUMBER</u>
11	PROPERTY TAXES	36
12	PENSION PLAN	37
13	RISK MANAGEMENT	37
14	COMMITMENTS AND CONTINGENCIES	38
	A. Delinquent Taxes	38
	B. Contractual Obligations	38
	C. Environmental Liabilities	38
	D. Sewer Treatment Contract	38
15	SUBSEQUENT EVENTS	39
	A. Tax Appeals	39
	B. Water System Expansion	39
	C. Capital Asset Acquisition	39

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

The accounting methods and procedures adopted by Napoleon Township conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's general purpose financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. REPORTING ENTITY:**

Napoleon Township was organized in 1833 and is located in the eastern section of Jackson County, Michigan. The Township was organized under the Constitution and Statutes of the State of Michigan and provides services to its approximately 7,000 residents in many areas, including law enforcement, fire protection, water and sewer operations, community enrichment and development, human services, and general administrative services. Napoleon Township is a municipal corporation governed by an elected five member board.

As required by generally accepted accounting principles, these financial statements present the Township and all entities for which the government is considered financially accountable (component units). Napoleon Township has no component units.

**B. JOINT VENTURE:**

The Township participates in a joint venture with Grass Lake Charter Township for its Sewer District No. 2, the Wolf Lake Common Fund. The Townships forward all special assessment collections and a portion of the monthly service charge to this joint venture. The debt service payments and certain common system maintenance expenses are paid from the joint venture. The Township's equity in this joint venture is reported as an investment in these financial statements. A copy of the audited financial statements of this joint venture can be obtained from the Grass Lake Charter Township offices at 373 Lakeside Dr., Grass Lake, MI. 49240.

**C. 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 Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (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 revenues are reported instead as general revenue.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (Continued)

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 a separate column in the fund financial statements.

D. 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 and fiduciary fund 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 government.

The Township reports the following major governmental funds:

The *General Fund* is the government'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 *Improvement Revolving Special Revenue Fund* accounts for all resources set aside for future capital improvements.

The *Municipal Building Debt Service Fund* accounts for the servicing of general long-term bonds issued to finance construction and equipping a Township administration/police/fire/library complex.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Township reports the following nonmajor funds:

The *Cemetery Expansion Special Revenue Fund* accounts for resources received from the sale of lots in the Township's Oak Grove Cemetery.

The *Building Code Enforcement Special Revenue Fund* accounts for all activities of the building department. This fund was established to facilitate compliance with Michigan Public Act 245 of 1999, which requires that fees charged bear a reasonable relationship to the costs of operating a building department.

The *Street Light Special Revenue Fund* accounts for the costs of lighting certain portions of the Township, and the special assessments levied upon benefiting property owners to finance these districts.

The *Memorial Special Revenue Fund* accounts for donations received by the Township in memory of local residents. These funds are to be spent only on the police or fire departments, per donor instructions.

The *Parks Endowment Special Revenue Fund* accounts for funds donated to the Township to maintain, improve or expand recreational facilities within the Township.

The *Cemetery Urn Permanent Fund* accounts for the fund paid by lot owners restricted to purchasing flowers for display on Memorial Day annually, in perpetuity. The original amount of these funds, \$4,750, may not be spent and is accordingly shown as reserved fund balance in these financial statements; only the interest generated by these funds may be used.

The Township has elected to report all of its proprietary funds as major funds. They are:

The Sewer and Water Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** (Continued)

The Township also reports the following fund types:

The *Pension Trust Fund* accounts for the activity of the Township's defined contribution retirement plan, which accumulates resources for retirement benefit payments to qualified Township employees.

The *Agency Funds – Trust and Agency* and *Current Tax Funds* – account for assets held for other governments and individuals in an agency capacity.

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 issued by the GASB. The Township has elected to also 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 sewer and water function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues 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 levied by the Township.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods 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 services provided. The Sewer and Water Funds also recognize the portion of tap on fees intended to recover current costs (e.g. the labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as capital grants and contributions. Operating costs 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.

When both restricted and unrestricted resources are available for use, it is generally the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY

1. DEPOSITS AND INVESTMENTS

The Township reports cash on hand, demand deposit bank accounts, short term investments with an original maturity of three months or less from the date of acquisition as *cash and cash equivalents*. Financial instruments not meeting these criteria are reported as *investments*. The Township reports investments at their fair value.

2. 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 reported 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”.

The Township has not established a reserve for uncollectible accounts based on its past experience.

3. PREPAID EXPENSES

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

4. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by Township policy as assets with an individual cost or value of \$3,000 or more when acquired and a useful three years or more. Purchased assets are recorded at their actual costs. Donated capital assets are reported at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

The Township also capitalizes its share of road improvement costs payable to the County Road Commission as intangible assets.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY (Continued)

4. CAPITAL ASSETS (Continued)

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

Assets	Years
Land and Improvements	10-20
Building and Improvements	10-40
Sewer and Water Systems	10-50
Machinery and Equipment	5-20
Office Equipment	5
Vehicles	5-20
Intangible Assets	10-20

Depreciation is allocated to the appropriate function in the government-wide financial statements. Assets such as the municipal building, which is a multi-function facility, are allocated to the general government function.

5. ACCRUED LEAVE PAYABLE:

The Township policy is to accrue unused sick pay for all employees. At the end of the fiscal year, all accumulated sick leave is paid to the employees at their regular rate of pay. Any unused vacation pay at the fiscal year end is forfeited by the employees. At the time the current policy was adopted, all employees with accumulated sick time were allowed to bank it. Such time may be used to supplement the annual allowance, or upon termination be paid to the employee at one-half the current rate of pay. A liability for this bank has been established in the government-wide financial statements.

6. DEFERRED REVENUE:

Deferred revenue is reported in the general fund to record advance receipt of fees for collecting taxes during the summer of 2010. Proprietary funds report deferred revenue to reflect the fact that quarterly utility billings include the month of July, which is part of the next fiscal year.

7. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other obligations are reported as liabilities in the appropriate 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. These costs are reported net of accumulated amortization as bond issuance costs.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY (Continued)

7. LONG-TERM OBLIGATIONS (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, as expenditures during the period incurred. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are recognized as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation (e.g. prepaid expenses) 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.

9. COMPARATIVE DATA

Comparative data for the prior year has been presented in the individual fund financial statements included in the accompanying additional information in order to facilitate analysis of the fund's financial position and results of operations. This information was taken from the audited financial statements from the prior year.

10. ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

A. BUDGETARY INFORMATION:

Formal budgetary integration is employed as a management control device during the year for the General Fund and all Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts included in the financial statements are as originally adopted, and the final amended budget adopted by the Township Board. Budget amendments may be adopted by a simple majority vote of the Board at any open meeting of the Board. All appropriations lapse at the end of the fiscal year.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY: (Continued)**

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

Public Act #621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds (General Operating and Special Revenue Funds) have been shown on a functional basis. The approved budgets of the Township for these funds were adopted to the departmental level. The Township adopted budgets for only the General Fund and the Building Code Enforcement Special Revenue Fund. Budgets were not adopted for the other special revenue funds, although they are required by state statute. The Township incurred expenditures in the budgetary funds which were in excess of the amounts budgeted as follows:

	Amended Budget	Actual	Variance
<b>General Fund:</b>			
Township Board	\$ 42,222	\$ 42,391	\$ (169)
Treasurer	60,963	60,979	(16)
Parks	3,237	3,279	(42)
Capital Outlay	5,309	33,979	(28,670)
<b>Cemetery Expansion Fund</b>	-	3,800	(3,800)
<b>Street Light Fund</b>	35,462	40,131	(4,669)
<b>Building Code Enforcement Fund</b>	27,560	28,161	(601)
<b>Parks Endowment Fund</b>	-	370	(370)

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

Deposits (reported as cash and cash equivalents) and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 1,445,052
Investments	-
Fiduciary Funds:	
Cash and cash equivalents	77,476
Investments	466,080
	\$ 1,988,608

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3 - DEPOSITS AND INVESTMENTS:** (Continued)

State statutes and Township policy authorize the Township to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority and Township policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Township minimizes this risk by investing in shorter term securities and holding them to maturity.

The investments consist of various investments held by the Pension Trust Fund.

**Concentration of Credit Risk**

The Township's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. The cash accounts are held at two local financial institutions. \$500,000 of the cash and certificates of deposits are covered by FDIC insurance; the remaining \$1,001,877 bank balance (\$1,022,428 reported balance – the difference being deposits in transit and outstanding checks) is uninsured.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Township's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 – DEPOSITS AND INVESTMENTS:** (Continued)

**Custodial Credit Risk** (Continued)

Cash and cash equivalents of the Township can be categorized as follows:

	Reported Amount	Bank Balance
Cash on hand	\$ 100	\$ -
Insured (FDIC)	500,000	500,000
Uninsured and uncollateralized	1,022,428	1,001,877
	\$ 1,522,528	\$ 1,501,877
Reported in financial statements:		
Governmental Funds	\$ 520,508	
Proprietary Funds (Business-type)	924,544	
Fiduciary Funds	77,476	
	\$ 1,522,528	

Investments of the Pension Trust Fund have not been categorized for disclosure purposes.

**NOTE 4 - INTERFUND RECEIVABLES AND TRANSFERS:**

The amount of interfund receivables and payables are as follows:

Due To	Due From	Amount	Purpose
Sewer #2 Fund	General Fund	\$ 2,141	Deposit correction

Transfers between funds occurred as follows:

	Due From		Due To
General Fund	\$ 307,311	Improvement Revolving Fund	\$ 307,311
Improvement Revolving Fund	25,000	Parks Endowment Fund	25,000
	\$ 332,311		\$ 332,311

The General Fund transferred \$307,311 to the Improvement Revolving Fund to finance the purchase of a new fire apparatus and certain other capital improvements. The Improvement Revolving Fund also transferred \$25,000 to the Parks Endowment Fund to finance recreation planning and improvements within the Township.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 5 – CAPITAL ASSETS:**

Capital asset activity for the year is summarized below:

Asset Category	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets not being depreciated - Land	\$ 133,596	\$ -	\$ -	\$ 133,596
Capital assets being depreciated:				
Land improvements	161,570	-	-	161,570
Buildings and improvements	2,215,476	3,446	-	2,218,922
Machinery and equipment	685,771	54,201	(22,515)	717,457
Office equipment	194,175	8,620	-	202,795
Vehicles	1,338,223	201,443	(33,490)	1,506,176
Intangible assets	117,300	-	-	117,300
Total capital assets being depreciated	4,712,515	267,710	(56,005)	4,924,220
Less - Accumulated Depreciation:				
Land improvements	(61,061)	(8,588)	-	(69,649)
Buildings and improvements	(548,190)	(69,014)	-	(617,204)
Machinery and equipment	(423,723)	(63,317)	21,167	(465,873)
Office equipment	(143,281)	(17,608)	-	(160,889)
Vehicles	(616,039)	(71,695)	33,490	(654,244)
Intangible assets	(29,295)	(8,370)	-	(37,665)
Total capital assets being depreciated	(1,821,589)	(238,592)	54,657	(2,005,524)
Net capital assets being depreciated	2,890,926	29,118	(1,348)	2,918,696
Capital assets, net	\$ 3,024,522	\$ 29,118	\$ (1,348)	\$ 3,052,292

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 5 – CAPITAL ASSETS:** (Continued)

Asset Category	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 34,450	\$ -	\$ -	\$ 34,450
Capital assets, being depreciated:				
Sewer and Water Systems	8,686,270	-	-	8,686,270
Less - Accumulated Depreciation:	(2,369,779)	(204,311)	-	(2,574,090)
Total capital assets being depreciated, net	6,316,491	(204,311)	-	6,112,180
Capital assets, net	\$ 6,350,941	\$ (204,311)	\$ -	\$ 6,146,630

Depreciation expense was charged to functions/programs as follows:

Public Works	8,370
Recreation and Culture	614
<b>Total depreciation expense, governmental activities</b>	<u>\$ 238,592</u>
Business-Type Activities:	
Sewer	\$ 167,616
Water	36,695
<b>Total depreciation expense, business-type activities</b>	<u>\$ 204,311</u>

**NOTE 6 – INVESTMENT IN JOINT VENTURE:**

Under the terms of contracts, the Township sends all of its assessment collections from Sewer District #2 directly to the Wolf Lake Common Fund, a joint venture with Grass Lake Charter Township. The townships retain ultimate responsibility for the debt to be retired by the assessments. These deposits are accounted for in the Wolf Lake Common Fund. The Township reports the net of assessments deposited with the Common Fund and the debt payments made from the Common Fund as the value of its investment.

NAPOLEON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 7 - SPECIAL ASSESSMENTS RECEIVABLE:**

The Township allowed residents within the special assessment districts the option of paying over a twenty year period. Interest is charged at 1% over the average bond rate. No allowance for uncollectible accounts has been established as the assessments create a first lien against the assessed property. Past experience has indicated that the receivable will be completely collected.

**NOTE 8 - LONG-TERM DEBT:**

The Township issued bonds to provide for the acquisition and construction of its municipal building. These bonds are general obligation unlimited tax bonds, and pledge the full faith and credit of the Township. An installment purchase agreement used to finance a portion of a fire/rescue apparatus and a capital lease used to finance a portion of two police vehicles are also general obligations of the Township.

The Township also financed the construction of sewer and water system assets through contractual agreements with Jackson County, Michigan. These agreements required the Township to pledge revenues generated by its sewer and water systems for repayment of the debt. Special assessments have been levied to provide the Township with the necessary cash flow to service these agreements.

Further detail of Township debt obligations follows:

A. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT:

**General Obligation Bonds**

In November 1999, township residents approved the issuance of general obligation unlimited tax bonds not to exceed \$3,215,000 to construct, equip, and furnish a fire, police and township facility and purchase one fire truck.

Bonds totaling \$3,215,000 dated September 1, 2000 were sold in September 2000. Principal payments are required annually, with semi-annual interest payments at rates ranging from 4.00% to 7.00%. The Township levies a millage to retire these bonds.

B. BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT:

**Capital Leases Payable**

The Township has financed the construction of sewer disposal facilities through the County of Jackson under lease obligations. The County has issued bonds and supervised the construction of the facilities. The Township leases the facilities, with payments due semi-annually in amounts necessary to cover the County's debt service requirements on the underlying bonds.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - LONG-TERM DEBT:** (Continued)

B. BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT: (Continued)

**Capital Leases Payable** (Continued)

Currently, there are two such agreements in place. The first agreement, signed in June 2000, is for the construction of sewer disposal facilities in the unincorporated village area of the Township. Bonds totaling \$1,125,000 were sold by the County in July 2001. The debt was recognized by the Township upon the signing of the final agreement with the County, with a \$1,125,000 capital asset established at that time. Annual principal payments are required, along with semi-annual interest payments at rates ranging 3.80% to 6.75%. The Township will finance repayment of the lease through a special assessment (see Note 7).

The second agreement covers the Wolf Lake section sewer project accounted for as Sewer #2. This project encompasses parts of two townships. Napoleon Township is responsible for 76.73% of the total construction bonds issued by the County. This total, \$3,759,770, has been recognized, along with a corresponding sewer line asset. The Township will finance repayment of the lease through a special assessment (see Note 7).

A portion of the Sewer #2 capital lease payable was refinance in December 2006. This refunding resulted in \$1,975,798 (Napoleon's portion; the total defeased was \$2,575,000) of the remaining obligation being defeased. A loss of \$191,825 was incurred through this transaction, but the Township will have a net savings over the remaining life of the obligations.

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

<u>Capital Lease Payable</u>	<u>Beginning Balance</u>	<u>New Issues</u>	<u>Payments</u>	<u>Ending Balance</u>
<b>Governmental Activities Long-Term Debt:</b>				
General Obligation Bonds:				
1999 Municipal Building	\$ 2,400,000	\$ -	\$ (150,000)	\$ 2,250,000

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8 - LONG-TERM DEBT:** (Continued)

The following is a summary of the Township's long-term debt transactions for business-type activities:

	Beginning Balance	New Issues	Payments	Ending Balance
<b>Business-Type Long-Term Debt:</b>				
Capital Leases Payable:				
Sewer District #1	\$ 800,000	\$ -	\$ (50,000)	\$ 750,000
Sewer District #2:				
2000 Agreement	402,832	-	(191,825)	211,007
2006 Agreement	1,791,646	-	-	1,791,646
Total	2,194,478	-	(191,825)	2,002,653
Total business-type activities	\$ 2,994,478	\$ -	\$ (241,825)	\$ 2,752,653

Presented below is a summary of debt service requirements to maturity by years:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 175,000	\$ 111,413	\$ 286,008	\$ 109,283
2012	175,000	99,162	282,171	96,371
2013	200,000	88,663	278,335	85,411
2014	200,000	78,562	274,498	74,483
2015	200,000	68,363	270,661	63,625
2016-2020	1,300,000	175,000	1,360,980	151,749
	\$ 2,250,000	\$ 621,163	\$ 2,752,653	\$ 580,922

**NOTE 9 – DEFERRED LOSS ON REFUNDING:**

As discussed in Note 8, the Township agreed to refund a portion of the 2000 capital lease agreement for Sewer District #2. A loss of \$191,825 was capitalized and will be amortized to interest expense over the remaining life of the bonds. The township is amortizing this loss using the effective interest method.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 10 - FUND EQUITY:**

A. RESERVES AND DESIGNATIONS:

Board action and requirements of generally accepted accounting principles have reserved and designated portions of fund equity in certain funds, indicating the amount not available for funding current year's activities. These can be summarized as follows:

	General Fund	Special Revenue	Fiduciary Funds	Total
<b>Designated:</b>				
Cemetery expansion/ Memorials	\$ -	\$ 11,560	\$ -	\$ 11,560
<b>Reserved:</b>				
For Prepaid/Advance expenses	\$ 41,328	\$ -	\$ -	\$ 41,328
Restricted by statute	20,909	-	-	20,909
Donor restricted	-	4,750	-	4,750
For Employee pensions	-	-	466,080	466,080
	\$ 62,237	\$ 4,750	\$ 466,080	\$ 533,067

**NOTE 11 - PROPERTY TAXES:**

Real and personal property taxes are levied on December 1st of each year, and are due to the Township by the last day of the following February. The Township is responsible for assessing, collecting and distributing property taxes in accordance with State law. Delinquent real property taxes are paid to the Township by Jackson County. Therefore, the General Fund reflects as revenues the full amount of real taxes levied during the year. The personal property taxes are reflected as revenues in the year collected, which does not materially differ from the full accrual method of revenue recognition.

The Township's operating tax rate was .80420 mills (tax of \$190,190), and its debt levy (for the Municipal Building bonds) was 1.05000 mills (tax of \$249,200), levied on property with a Taxable Value of \$236.5 and \$237.3 million respectively.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 - PENSION PLAN:**

The Township of Napoleon Group Pension Plan is a single employer public employee retirement system that administers the Township's defined contribution pension plan for all full-time salaried or clerical employees.

The financial statements of the Plan are included as a fiduciary fund of the Township. The Township is the only non-employee contributor to the pension plan. The pension plan's current membership was 15 (10 active and 5 inactive) as of year end.

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive is determined solely on the amount contributed to the participant's account and the returns earned on investments of these contributions. Contributions made by an employee and contributions by the Township both vest immediately. Each employee may contribute 10% of his or her gross earnings to the pension plan. The Township is required to contribute an amount equal to 10% of the employee's gross earnings, and now contributes an additional 5% for certain employees, which previously was a mandatory employee contribution. Contributions are not reduced by plan charges.

During the year, the Township's required and actual contributions amounted to \$33,685, which equals 12.07% of its current-year covered payroll. Employee's contributions amounted to \$23,633 which equals 8.47% of the Township's current-year covered payroll.

Total payroll for the fiscal year was \$447,566 and total payroll subject to retirement benefits was \$279,173.

The pension plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

**NOTE 13 – RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2009, the Township carried commercial insurance to cover all risks of losses. The Township has had no settled claims resulting from these risks that exceeded commercial insurance coverage amounts in any of the past three fiscal years.

**NAPOLEON TOWNSHIP**  
NOTES TO THE FINANCIAL STATEMENTS

**NOTE 14 - COMMITMENTS AND CONTINGENCIES:**

**A. DELINQUENT TAXES:**

The Jackson County Treasurer establishes a Delinquent Tax Revolving Fund each year to pay for the uncollected real property taxes of the local taxing units (including Napoleon Township). If these taxes are not paid to the County Treasurer, the Township is ultimately responsible to reimburse the County Treasurer for the tax amount paid from the Revolving Fund, plus interest. It is approximately three years from the original tax delinquency to the chargeback by the County Treasurer.

Napoleon Township received \$122,430 from the County's Delinquent Tax Revolving Fund this year (including both the tax levies for operations and debt as well as delinquent assessments placed on tax bills). Taxes totaling approximately \$1,000 were charged back during the fiscal year.

**B. CONTRACTUAL OBLIGATIONS:**

During construction of Water and Sewer District #1, it was necessary for the Township to obtain easements for water mains and sewer lines. In addition to cash, the Township agreed to provide a property owner one direct and two indirect connections to the sanitary sewage system. A liability has not been established for this on the Sewer Fund as it is difficult to determine the amount involved. The Township estimates this liability to be approximately \$12,000.

**C. ENVIRONMENTAL LIABILITIES:**

Napoleon Township owns property which was formerly used as a landfill. This landfill has been inactive for several years, and the Township is unaware of any problems resulting from contamination.

**D. SEWER TREATMENT CONTRACT:**

The Township has a contract with the City of Jackson for the treatment of waste water from its Sewer #9 District. Terms of this contract include a provision that the treatment fees charged will be adjusted to the actual costs of the City's treatment plant. During the past three fiscal years, this has resulted in a credit to the Township. The audit is usually available in December following the June fiscal year end.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 – SUBSEQUENT EVENTS:**

**A. TAX APPEALS:**

A major taxpayer within the Township has filed an appeal with the Michigan Tax Tribunal regarding its total assessed and taxable valuation used in computing its 2010 tax (collected in July and December of 2010, for the Township's 2011 fiscal year.

This petition requests a total reduction in taxable value from \$16.7 million to \$6.5 million. This appeal includes property taxed under Industrial Facilities Tax exemptions, which levies taxes at one-half the current rate. While the Township works with the taxpayer in an attempt to resolve the appeal and expects to reach a compromise, the impact could result in a decrease in operating taxes of \$6,000 - \$7,000 per year and \$8,000 - \$10,000 per year in the debt levy.

**B. WATER SYSTEM EXPANSION:**

In October 2010, the Township agreed to a \$1.575 million expansion of its water system, with funds to be provided by Atlantic Richfield Company. Construction on the project is set to begin in late 2010/early 2011. The funds are to be deposited in an escrow account by January 2011.

This expansion will add 106 residences top the existing water system. The funds provided to the Township will also include an amount sufficient to cover the new customers' usage for a five year period.

**C. CAPITAL ASSET ACQUISITIONS:**

The Township Board approved the purchase of a two new police cars at a cost of \$42,500 in November 2010. The cars were paid for in December 2010.

The Township also approved a bid of approximately \$35,000 for firefighting equipment in July 2010. The net cost to the township will be 5% of the cost, with the rest funded by a federal grant. The Township expects delivery of this equipment in early 2011.

**NAPOLEON TOWNSHIP**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - MAJOR FUNDS**

GENERAL FUND

IMPROVEMENT REVOLVING SPECIAL REVENUE FUND

Note: A budgetary comparison schedule is not presented for the Municipal Building Debt Service as there is no legal requirement for this fund to adopt a budget.

**NAPOLEON TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
BEGINNING FUND BALANCE	\$ 639,222	\$ 639,222	\$ 639,222	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes	281,915	281,915	285,122	3,207
Licenses and permits	26,100	26,100	38,157	12,057
Intergovernmental	469,100	469,100	489,790	20,690
Charges for services	124,384	124,384	104,200	(20,184)
Fines and forfeitures	20,000	20,000	30,069	10,069
Interest and rents	23,380	23,380	5,797	(17,583)
Other	3,000	8,000	3,215	(4,785)
Proceeds from long term debt	-	-	-	-
Proceeds from sale of assets	-	-	1,900	1,900
Operating transfers in	-	-	-	-
Total resources (inflows)	<u>947,879</u>	<u>952,879</u>	<u>958,250</u>	<u>5,371</u>
Amounts available for appropriation	<u>1,587,101</u>	<u>1,592,101</u>	<u>1,597,472</u>	<u>5,371</u>
<b>CHARGES TO APPROPRIATIONS:</b>				
General government	393,489	398,184	382,390	15,794
Public safety	524,028	511,743	490,064	21,679
Community/Economic development	34,612	24,032	23,498	534
Public works	5,558	2,750	2,153	597
Recreational and cultural	2,550	3,237	3,279	(42)
Other functions	-	-	-	-
Capital outlay	-	5,309	33,979	(28,670)
Debt service	-	-	-	-
Operating transfers out	-	307,311	307,311	-
Total charges to appropriations	<u>960,237</u>	<u>1,252,566</u>	<u>1,242,674</u>	<u>9,892</u>
BUDGETARY ENDING FUND BALANCE	<u>\$ 626,864</u>	<u>\$ 339,535</u>	<u>\$ 354,798</u>	<u>\$ 15,263</u>

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

**NAPOLEON TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE -**  
**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
BEGINNING FUND BALANCE	\$ 16,385	\$ 16,385	\$ 16,385	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	1,500	1,500	238	(1,262)
Other	-	-	-	-
Proceeds from long term debt	-	-	-	-
Proceeds from sale of assets	296,027	-	-	-
Operating transfers in	-	309,811	307,311	(2,500)
Total resources (inflows)	<u>297,527</u>	<u>311,311</u>	<u>307,549</u>	<u>(3,762)</u>
Amounts available for appropriation	<u>313,912</u>	<u>327,696</u>	<u>323,934</u>	<u>(3,762)</u>
<b>CHARGES TO APPROPRIATIONS:</b>				
General government	500	500	600	(100)
Public safety	-	-	-	-
Community planning and development	-	-	-	-
Public works	27,000	27,000	-	27,000
Recreational and cultural	-	-	-	-
Other functions	-	-	-	-
Capital outlay	245,027	258,811	229,472	29,339
Debt service	-	-	-	-
Operating transfers out	25,000	25,000	25,000	-
Total charges to appropriations	<u>297,527</u>	<u>311,311</u>	<u>255,072</u>	<u>56,239</u>
BUDGETARY ENDING FUND BALANCE	<u>\$ 16,385</u>	<u>\$ 16,385</u>	<u>\$ 68,862</u>	<u>\$ 52,477</u>

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

**NAPOLEON TOWNSHIP**

ADDITIONAL SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS:

COMBINING BALANCE SHEET

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE

**NAPOLEON TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

	SPECIAL REVENUE FUNDS					TOTAL SPECIAL REVENUE FUNDS	PERMANENT FUND		TOTAL
	CEMETERY EXPANSION	STREET LIGHT	BUILDING CODE ENFORCEMENT	MEMORIAL	PARKS ENDOWMENT		CEMETERY URN		
<u>ASSETS</u>									
Cash and cash equivalents	\$ 80,999	\$ 34,565	\$ 6,229	\$ 1,560	\$ 31,794	\$ 155,147	\$ 6,435		\$ 161,582
Investments	-	-	-	-	-	-	-		-
Interest receivable	-	-	-	-	-	-	-		-
Due from other funds	-	-	-	-	-	-	-		-
Due from governments	-	-	-	-	-	-	-		-
<b>Total assets</b>	<b>\$ 80,999</b>	<b>\$ 34,565</b>	<b>\$ 6,229</b>	<b>\$ 1,560</b>	<b>\$ 31,794</b>	<b>\$ 155,147</b>	<b>\$ 6,435</b>		<b>\$ 161,582</b>
<u>LIABILITIES AND FUND EQUITY</u>									
<b>LIABILITIES:</b>									
Accounts payable	\$ -	\$ 3,329	\$ 3,166	\$ -	\$ -	\$ 6,495	\$ -		\$ 6,495
Accrued payroll	-	-	-	-	-	-	-		-
Due to other funds	-	-	-	-	-	-	-		-
<b>Total liabilities</b>	<b>-</b>	<b>3,329</b>	<b>3,166</b>	<b>-</b>	<b>-</b>	<b>6,495</b>	<b>-</b>		<b>6,495</b>
<b>FUND EQUITY:</b>									
Fund Balance - Designated	10,000	-	-	1,560	-	11,560	-		11,560
Fund Balance - Reserved	-	-	-	-	-	-	4,750		4,750
Fund Balance - Undesignated, unreserved	70,999	31,236	3,063	-	31,794	137,092	1,685		138,777
<b>Total fund equity</b>	<b>80,999</b>	<b>31,236</b>	<b>3,063</b>	<b>1,560</b>	<b>31,794</b>	<b>148,652</b>	<b>6,435</b>		<b>155,087</b>
<b>Total liabilities and fund equity</b>	<b>\$ 80,999</b>	<b>\$ 34,565</b>	<b>\$ 6,229</b>	<b>\$ 1,560</b>	<b>\$ 31,794</b>	<b>\$ 155,147</b>	<b>\$ 6,435</b>		<b>\$ 161,582</b>

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

**NAPOLEON TOWNSHIP**  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					TOTAL SPECIAL REVENUE FUNDS	PERMANENT FUND	TOTAL
	CEMETERY EXPANSION	STREET LIGHT	BUILDING CODE ENFORCEMENT	MEMORIAL	PARKS ENDOWMENT		CEMETERY URN	
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	26,707	-	-	26,707	-	26,707
State grants - Capital	-	-	-	-	-	-	-	-
Interest and rents	355	-	20	8	69	452	38	490
Other revenues	1,350	40,900	-	-	-	42,250	-	42,250
Total revenues	1,705	40,900	26,727	8	69	69,409	38	69,447
EXPENDITURES:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	28,161	-	-	28,161	-	28,161
Public works	-	40,131	-	-	-	40,131	-	40,131
Recreation and culture	-	-	-	-	370	370	-	370
Other functions	-	-	-	-	-	-	229	229
Capital outlay	3,800	-	-	-	-	3,800	-	3,800
Total expenditures	3,800	40,131	28,161	-	370	72,462	229	72,691
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,095)	769	(1,434)	8	(301)	(3,053)	(191)	(3,244)
OTHER FINANCING SOURCES (USES):								
Operating transfers in	-	-	-	-	25,000	25,000	-	25,000
Sale of capital assets	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	25,000	25,000	-	25,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(2,095)	769	(1,434)	8	24,699	21,947	(191)	21,756
FUND BALANCES - Beginning of year	83,094	30,467	4,497	1,552	7,095	126,705	6,626	133,331
FUND BALANCES - End of year	\$ 80,999	\$ 31,236	\$ 3,063	\$ 1,560	\$ 31,794	\$ 148,652	\$ 6,435	\$ 155,087

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

**NAPOLEON TOWNSHIP**

ADDITIONAL SUPPLEMENTAL INFORMATION

**INDIVIDUAL FUND FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS:**

(All include 2009 actual amounts for comparison)

**GENERAL FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

**MUNICIPAL BUILDING DEBT SERVICE FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE

**CEMETERY EXPANSION SPECIAL REVENUE FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**STREET LIGHT SPECIAL REVENUE FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

**MEMORIAL SPECIAL REVENUE FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

**NAPOLEON TOWNSHIP**

ADDITIONAL SUPPLEMENTAL INFORMATION

**INDIVIDUAL FUND FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS:** (Continued)

**PARKS ENDOWMENT SPECIAL REVENUE FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

**CEMETERY URN FUND PERMANENT FUND:**

BALANCE SHEETS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

**NAPOLEON TOWNSHIP**  
**GENERAL FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	<b>2009</b>
<u><b>ASSETS</b></u>		
Cash and cash equivalents	<b>\$ 178,420</b>	\$ 731,211
Accounts receivable	<b>20,822</b>	19,462
Prepaid expenses	<b>41,328</b>	31,041
Due from other funds	-	-
Due from governmental units	<b>151,393</b>	160,315
	<b>\$ 391,963</b>	\$ 942,029
Total assets	<b>\$ 391,963</b>	\$ 942,029
 <u><b>LIABILITIES AND FUND BALANCE</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	<b>\$ 16,622</b>	\$ 36,087
Accrued payroll	<b>13,059</b>	10,812
Due to other funds	<b>2,141</b>	255,908
Deferred revenue	<b>5,343</b>	-
Total liabilities	<b>37,165</b>	302,807
 <b>FUND BALANCE:</b>		
Fund balance - Reserved	<b>62,237</b>	32,565
Fund balance - Unreserved	<b>292,561</b>	606,657
Total fund balance	<b>354,798</b>	639,222
Total liabilities and fund balance	<b>\$ 391,963</b>	\$ 942,029

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

**NAPOLEON TOWNSHIP**

GENERAL FUND

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

(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES:</b>				
<b>Taxes:</b>				
Property taxes - Ad valorem	\$ 191,205	\$ 189,937	\$ (1,268)	\$ 181,021
Delinquent property taxes	500	71	(429)	99
Interest and penalties on taxes	7,500	6,897	(603)	7,422
Tax administration fee	74,559	79,809	5,250	74,589
Trailer taxes	300	327	27	275
Industrial facilities tax	7,851	8,081	230	7,722
Total taxes	281,915	285,122	3,207	271,128
<b>Licenses and Permits:</b>				
Cable TV franchise fee	26,000	38,057	12,057	35,296
Dog licenses	100	100	-	91
Zoning books	-	-	-	-
Total licenses and permits	26,100	38,157	12,057	35,387
<b>Intergovernmental:</b>				
Federal:				
Fire grants	-	29,197	29,197	23,356
State:				
State revenue sharing	459,533	442,231	(17,302)	456,206
Liquor license fees	2,000	2,042	42	2,026
Public Safety grants	-	3,326	3,326	873
Metro Act revenue	3,500	5,811	2,311	5,670
Election reimbursements	1,250	1,461	211	2,603
Total state	466,283	454,871	(11,412)	467,378
Local:				
Local unit contributions - Library	2,817	5,722	2,905	2,736
Local unit contributions - Grants	-	-	-	9,984
Total local	2,817	5,722	2,905	12,720
Total intergovernmental	469,100	489,790	20,690	503,454
<b>Charges for Services:</b>				
Norvell Twsp. Fire contract	37,974	36,868	(1,106)	36,868
Administration fees - Enterprise Funds	41,598	42,702	1,104	42,793
Allocated costs - Building Code Fund	5,042	5,042	-	5,042
Zoning/Ordinance fees	5,250	4,803	(447)	4,797
Cemetery charges	15,200	11,893	(3,307)	10,771
School tax collections	16,320	-	(16,320)	16,322
Police - Report copies	500	912	412	592
Miscellaneous	2,500	1,980	(520)	2,537
Total charges for services	124,384	104,200	(20,184)	119,722
<b>Fines and forfeitures - Police</b>	20,000	30,069	10,069	24,051
<b>Interest and Rents:</b>				
Interest	18,100	517	(17,583)	10,622
Rents	5,280	5,280	-	5,280
Total interest and rents	\$ 23,380	\$ 5,797	\$ (17,583)	\$ 15,902

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

**NAPOLEON TOWNSHIP**

GENERAL FUND

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

(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES: (Continued)</b>				
<b>Other:</b>				
Other revenue	\$ 8,000	\$ 3,215	\$ (4,785)	\$ 5,085
Sale of fixed assets	-	1,900	1,900	-
Total other revenues	8,000	5,115	(2,885)	5,085
Total Revenues	952,879	958,250	5,371	974,729
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Salaries and wages - Elected	8,000	8,000	-	7,983
Payroll taxes	612	364	248	487
Fringe benefits	585	420	165	340
Professional services	15,852	16,815	(963)	8,650
Conferences and workshops	250	-	250	45
Community promotion	100	312	(212)	812
Insurance and bonds	10,000	9,576	424	9,998
Membership and dues	4,500	4,434	66	4,389
Miscellaneous	2,323	2,470	(147)	1,282
Total Township board	42,222	42,391	(169)	33,986
<b>Supervisor's Office:</b>				
Salaries and wages - Elected	17,000	17,000	-	17,000
Payroll taxes	247	246	1	246
Fringe benefits	1,976	1,948	28	1,940
Office supplies	100	252	(152)	220
Operating supplies	150	20	130	56
Professional Services	250	-	250	100
Mileage	75	-	75	32
Printing and publications	50	-	50	-
Equipment	250	-	250	-
Total supervisor's office	20,098	19,466	632	19,594
<b>Elections:</b>				
Office supplies	2,295	2,306	(11)	3,165
Contractual services	3,005	3,007	(2)	5,036
Printing and publications	100	87	13	87
Total elections	\$ 5,400	\$ 5,400	\$ -	\$ 8,288

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

**NAPOLEON TOWNSHIP**

GENERAL FUND

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

(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES: (Continued)</b>				
<b>Current: (Continued)</b>				
<b>General Government: (Continued)</b>				
<b>Assessor:</b>				
Salaries and wages	\$ 45,372	\$ 45,365	\$ 7	\$ 48,303
Payroll taxes	956	777	179	1,002
Fringe benefits	23,562	23,887	(325)	23,842
Office supplies	1,000	765	235	876
Operating supplies	500	388	112	10
Maps and equipment	50	575	(525)	115
Repairs and maintenance	-	19	(19)	-
Tax roll preparation	7,020	6,807	213	6,589
Conferences and workshops	1,000	864	136	992
Mileage	-	-	-	405
Printing and publications	200	243	(43)	188
Membership dues	200	170	30	200
Total assessor	79,860	79,860	-	82,522
<b>Township Clerk:</b>				
Salaries and wages - Elected	17,000	17,000	-	17,025
Salaries and wages - Office	29,628	28,812	816	28,985
Payroll taxes	613	562	51	766
Fringe benefits	26,236	25,796	440	27,792
Office supplies	3,705	3,223	482	5,203
Computer supplies	7,000	6,687	313	5,596
Operating supplies	500	360	140	352
Professional services	2,000	2,845	(845)	2,085
Printing and publishing	1,000	461	539	429
Total township clerk	87,682	85,746	1,936	88,233
<b>Board of Review:</b>				
Fees and per diem	650	710	(60)	732
Payroll taxes	49	54	(5)	56
Fringe benefits	-	7	(7)	7
Office supplies	50	64	(14)	26
Printing and publications	100	-	100	99
Total board of review	849	835	14	920
<b>Township Treasurer:</b>				
Salaries and wages - Elected	17,000	17,000	-	17,000
Salaries and wages - Office	21,913	19,777	2,136	20,772
Payroll taxes	558	689	(131)	527
Fringe benefits	17,008	15,500	1,508	16,823
Unemployment	1,984	4,120	(2,136)	6,022
Office supplies	1,500	2,573	(1,073)	2,404
Insurance and bonds	1,000	1,298	(298)	1,259
Taxes abated/written off	-	22	(22)	-
Total township treasurer	\$ 60,963	\$ 60,979	\$ (16)	\$ 64,807

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

**NAPOLEON TOWNSHIP**

GENERAL FUND

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

(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES: (Continued)</b>				
<b>Current: (Continued)</b>				
<b>General Government: (Continued)</b>				
<b>Township Hall and Grounds:</b>				
Fringe benefits - Workers compensation	\$ -	\$ 21	\$ (21)	\$ 21
Office supplies	50	73	(23)	47
Repairs and maintenance supplies	4,250	5,034	(784)	5,154
Contractual services	24,368	23,089	1,279	16,450
Telephone	3,900	3,730	170	3,878
Insurance and bonds	4,600	4,547	53	4,572
Public utilities	25,773	21,521	4,252	23,337
Equipment/improvements	500	5,026	(4,526)	-
Total township hall and grounds	63,441	63,041	400	53,459
<b>Cemetery Operations:</b>				
Operating supplies	2,000	2,862	(862)	1,980
Repairs and maintenance	2,000	1,380	620	1,384
Contractual services	32,093	18,947	13,146	22,349
Printing & publications	100	26	74	26
Insurance and bonds	276	268	8	276
Utilities	1,000	1,069	(69)	1,354
Miscellaneous	200	120	80	-
Equipment - Not capitalized	-	-	-	-
Total cemetery operations	37,669	24,672	12,997	27,369
Total General Government	398,184	382,390	15,794	379,178
<b>Public Safety:</b>				
<b>Police Department:</b>				
Salaries and wages	184,260	178,977	5,283	187,514
Payroll taxes	7,833	6,797	1,036	7,469
Fringe benefits	45,171	44,854	317	45,131
Unemployment	-	-	-	798
Office supplies	600	384	216	682
Operating supplies	18,000	15,604	2,396	16,222
Uniforms and laundry	600	605	(5)	782
Repairs and maintenance supplies	250	63	187	35
Professional services	4,800	4,228	572	4,200
Computer support	-	62	(62)	169
Radio maintenance	1,000	800	200	896
Telephone	3,500	3,614	(114)	3,354
Conferences and workshops	200	402	(202)	544
Community promotion	-	-	-	790
Insurance and bonds	10,600	10,421	179	12,543
Vehicle maintenance	3,500	2,479	1,021	4,525
Membership and dues	225	35	190	135
Education and training	300	-	300	235
Special training	-	826	(826)	873
Village & Police Association supplies	-	-	-	-
Equipment - Not capitalized	1,500	1,748	(248)	847
Total police department	\$ 282,339	\$ 271,899	\$ 10,440	\$ 287,744

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

**NAPOLEON TOWNSHIP**

GENERAL FUND

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

(With comparative actual totals from the year ended June 30, 2009)

	2010			2009
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
<b>EXPENDITURES: (Continued)</b>				
<b>Current: (Continued)</b>				
<b>Public Safety: (Continued)</b>				
<b>Fire Department:</b>				
Salaries and wages	\$ 112,297	\$ 109,512	\$ 2,785	\$ 90,317
Payroll taxes	3,326	3,825	(499)	2,347
Fringe benefits	30,606	30,175	431	29,984
Office supplies	1,000	613	387	749
Operating supplies	10,000	7,606	2,394	8,352
Uniforms and cleaning	5,000	2,218	2,782	3,872
Repairs and maintenance	3,500	2,999	501	3,610
Contractual	-	-	-	601
Radio maintenance	2,000	728	1,272	3,093
Telephone	3,000	2,506	494	1,974
Pager lease	3,000	2,176	824	908
Community promotion	1,000	1,112	(112)	1,171
Insurance and bonds	16,000	14,919	1,081	14,973
Public utilities	3,500	3,035	465	3,078
Vehicle maintenance	25,000	29,177	(4,177)	25,814
Membership and dues	2,000	2,169	(169)	2,009
Education and training	6,000	3,357	2,643	4,272
Building repairs	175	175	-	630
Equipment - Not capitalized	2,000	1,863	137	4,803
Total fire department	<u>229,404</u>	<u>218,165</u>	<u>11,239</u>	<u>202,557</u>
Total public safety	<u>511,743</u>	<u>490,064</u>	<u>21,679</u>	<u>490,301</u>
<b>Community/Economic Development:</b>				
<b>Zoning and Planning:</b>				
Salaries and wages	3,858	5,034	(1,176)	6,676
Fees and per diem	2,600	1,975	625	3,010
Payroll taxes	819	536	283	733
Fringe benefits	133	34	99	102
Office supplies	1,400	642	758	1,004
Professional services	2,180	2,180	-	4,689
Contractual services	12,000	12,000	-	12,000
Conferences and workshops	-	-	-	-
Mileage	-	-	-	142
Printing and publications	792	552	240	940
Vehicle maintenance	250	545	(295)	403
Total zoning and planning	<u>24,032</u>	<u>23,498</u>	<u>534</u>	<u>29,699</u>
<b>Economic Development -</b>				
Contractual	-	-	-	-
Total community/economic development	<u>\$ 24,032</u>	<u>\$ 23,498</u>	<u>\$ 534</u>	<u>\$ 29,699</u>

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

**NAPOLEON TOWNSHIP**

GENERAL FUND

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

(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>EXPENDITURES:</b> (Continued)				
<b>Current:</b> (Continued)				
<b>Public Works :</b>				
Street light assessments	\$ 2,750	\$ 2,153	\$ 597	\$ 1,857
Highways and Streets - Contractual	-	-	-	2,808
Total public works	<u>2,750</u>	<u>2,153</u>	<u>597</u>	<u>4,665</u>
<b>Recreation and Culture -</b>				
<b>Parks:</b>				
Contractual	350	259	91	440
Utilities	200	233	(33)	203
Portable toilets	1,260	1,260	-	1,323
Sidewalks	1,227	1,527	(300)	1,711
Equipment	200	-	200	-
Total recreation and culture	<u>3,237</u>	<u>3,279</u>	<u>(42)</u>	<u>3,677</u>
<b>Capital Outlay:</b>				
General	-	-	-	19,035
Police Department	-	-	-	1,967
Fire - Grant	5,309	33,979	(28,670)	35,936
Total capital outlay	<u>5,309</u>	<u>33,979</u>	<u>(28,670)</u>	<u>56,938</u>
<b>Debt Service:</b>				
Principal	-	-	-	34,022
Interest	-	-	-	1,448
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,470</u>
Total expenditures	<u>945,255</u>	<u>935,363</u>	<u>9,723</u>	<u>999,928</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,624</u>	<u>22,887</u>	<u>15,094</u>	<u>(25,199)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from long term debt	-	-	-	-
Transfer to other funds	(307,311)	(307,311)	-	(251,173)
Total other financing (uses)	<u>(307,311)</u>	<u>(307,311)</u>	<u>-</u>	<u>(251,173)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	<u>(299,687)</u>	<u>(284,424)</u>	<u>15,094</u>	<u>(276,372)</u>
FUND BALANCE - Beginning of year	<u>639,222</u>	<u>639,222</u>	<u>-</u>	<u>915,594</u>
FUND BALANCE - End of year	<u>\$ 339,535</u>	<u>\$ 354,798</u>	<u>\$ 15,094</u>	<u>\$ 639,222</u>

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

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING DEBT SERVICE FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	<b>2009</b>
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ <b>111,644</b>	\$ 117,843
Accounts receivable	<b>62</b>	-
Prepaid expenses	-	-
Due from other funds	-	6,744
Due from governmental units	<b>139</b>	136
	<b>111,845</b>	124,723
Total assets	<b>\$ 111,845</b>	\$ 124,723
<u><b>LIABILITIES AND FUND BALANCE</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Due to other governments	-	-
Total liabilities	-	-
<b>FUND BALANCE:</b>		
Fund balance - Designated	-	-
Fund balance - Reserved	-	-
Fund balance - Unreserved	<b>111,845</b>	124,723
Total fund balance	<b>111,845</b>	124,723
Total liabilities and fund balance	<b>\$ 111,845</b>	\$ 124,723

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

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	2009
<b>REVENUES:</b>		
Taxes:		
Current property taxes	\$ <b>248,869</b>	\$       282,268
Industrial facilities taxes	<b>10,551</b>	12,002
Delinquent property taxes	<b>150</b>	347
Total taxes	<b>259,570</b>	294,617
Interest	<b>573</b>	1,476
Total revenues	<b>260,143</b>	296,093
<b>EXPENDITURES:</b>		
Debt Service:		
Principal	<b>150,000</b>	150,000
Interest	<b>121,913</b>	132,413
Taxes abated/written off	<b>33</b>	-
Paying agent fees and miscellaneous	<b>1,075</b>	1,075
Total expenditures	<b>273,021</b>	283,488
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(12,878)</b>	12,605
<b>FUND BALANCE - Beginning of year</b>	<b>124,723</b>	112,118
<b>FUND BALANCE - End of year</b>	<b>\$       111,845</b>	\$       124,723

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

**NAPOLEON TOWNSHIP**  
**CEMETERY EXPANSION SPECIAL REVENUE FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	2009
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ <b>80,999</b>	\$ 83,094
Investments	-	-
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from governments	-	-
	<b>80,999</b>	83,094
Total assets	<b>\$ 80,999</b>	\$ 83,094
<u><b>LIABILITIES AND FUND EQUITY</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	-	-
<b>FUND EQUITY:</b>		
Fund Balance - Designated	<b>10,000</b>	10,000
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	<b>70,999</b>	73,094
Total fund equity	<b>80,999</b>	83,094
Total liabilities and fund equity	<b>\$ 80,999</b>	\$ 83,094

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

**NAPOLEON TOWNSHIP**  
**CEMETERY EXPANSION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative actual totals from the year ended June 30, 2009)

	<b>2010</b>		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES:</b>				
Interest	\$ -	\$ 355	\$ 355	\$ 1,436
Other revenues - Sale of lots	-	1,350	1,350	5,150
Total revenues	-	1,705	1,705	6,586
<b>EXPENDITURES:</b>				
Current - Other functions:				
Temporary labor	-	-	-	-
Repairs and maintenance	-	-	-	5,050
Miscellaneous	-	-	-	-
Total current - Other functions	-	-	-	5,050
Capital outlay	-	3,800	(3,800)	-
Total expenditures	-	3,800	(3,800)	5,050
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	<b>(2,095)</b>	(2,095)	1,536
<b>OTHER FINANCING SOURCES (USES) -</b>				
Operating transfers in	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND (USES)</b>	-	<b>(2,095)</b>	(2,095)	1,536
FUND BALANCE - Beginning of year	83,094	<b>83,094</b>	-	81,558
FUND BALANCE - End of year	\$ 83,094	\$ <b>80,999</b>	\$ (2,095)	\$ 83,094

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

**NAPOLEON TOWNSHIP**  
**STREET LIGHT SPECIAL REVENUE FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	2009
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ 34,565	\$ 33,187
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from governments	-	-
	<b>\$ 34,565</b>	<b>\$ 33,187</b>
Total assets	<b>\$ 34,565</b>	<b>\$ 33,187</b>
<u><b>LIABILITIES AND FUND EQUITY</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 3,329	\$ 2,720
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	<b>3,329</b>	<b>2,720</b>
<b>FUND EQUITY:</b>		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	31,236	30,467
Total fund equity	<b>31,236</b>	<b>30,467</b>
Total liabilities and fund equity	<b>\$ 34,565</b>	<b>\$ 33,187</b>

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

**NAPOLEON TOWNSHIP**  
**STREET LIGHT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2010**  
(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES:</b>				
Other Revenue:				
Current special assessments	\$ 35,462	\$ 40,900	\$ 5,438	\$ 34,462
Delinquent special assessments	-	-	-	-
Total taxes	35,462	40,900	5,438	34,462
Interest	-	-	-	-
Total revenues	35,462	40,900	5,438	34,462
<b>EXPENDITURES:</b>				
Current - Public Works:				
Professional services	800	1,000	(200)	800
Utilities	35,462	39,087	(3,625)	33,427
Miscellaneous	-	44	(44)	-
Total expenditures	35,462	40,131	(3,869)	34,227
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	769	1,569	235
<b>FUND BALANCE - Beginning of year</b>	30,467	30,467	-	30,232
<b>FUND BALANCE - End of year</b>	\$ 30,467	\$ 31,236	\$ 1,569	\$ 30,467

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

**NAPOLEON TOWNSHIP**  
**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	2009
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ <b>68,862</b>	\$ 16,385
Investments	-	-
Interest receivable	-	-
Due from other funds	-	246,173
Due from governments	-	-
	<b>68,862</b>	246,173
Total assets	<b>\$ 68,862</b>	\$ 262,558
<u><b>LIABILITIES AND FUND EQUITY</b></u>		
LIABILITIES:		
Accounts payable	\$ -	\$ 246,173
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	-	246,173
FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	<b>68,862</b>	16,385
Total fund equity	<b>68,862</b>	16,385
Total liabilities and fund equity	<b>\$ 68,862</b>	\$ 262,558

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

**NAPOLEON TOWNSHIP**  
**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES:</b>				
State grants - Capital	\$ -	\$ -	\$ -	\$ -
Interest	1,500	<b>238</b>	(1,262)	592
Other revenue	-	-	-	-
Total revenues	<u>1,500</u>	<u><b>238</b></u>	<u>(1,262)</u>	<u>592</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Professional services	500	<b>600</b>	(100)	600
Miscellaneous	-	-	-	-
Total general government	<u>500</u>	<u><b>600</b></u>	<u>(100)</u>	<u>600</u>
Public Works:				
Street work	27,000	-	27,000	27,300
Total public works	<u>27,000</u>	<u>-</u>	<u>27,000</u>	<u>27,300</u>
Capital outlay	258,811	<b>229,472</b>	29,339	246,173
Total expenditures	<u>286,311</u>	<u><b>230,072</b></u>	<u>56,239</u>	<u>274,073</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(284,811)</u>	<u><b>(229,834)</b></u>	<u>54,977</u>	<u>(273,481)</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfer in	309,811	<b>307,311</b>	(2,500)	246,173
Operating transfer (out)	(25,000)	<b>(25,000)</b>	-	-
Total other financing sources	<u>284,811</u>	<u><b>282,311</b></u>	<u>(2,500)</u>	<u>246,173</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>-</u>	<u><b>52,477</b></u>	<u>52,477</u>	<u>(27,308)</u>
FUND BALANCE - Beginning of year	<u>16,385</u>	<u><b>16,385</b></u>	<u>-</u>	<u>43,693</u>
FUND BALANCE - End of year	<u>\$ 16,385</u>	<u>\$ <b>68,862</b></u>	<u>\$ 52,477</u>	<u>\$ 16,385</u>

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

**NAPOLEON TOWNSHIP**  
**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	2009
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ <b>6,229</b>	\$ 6,602
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	<b>6,229</b>	6,602
Total assets	<b>\$ 6,229</b>	\$ 6,602
<u><b>LIABILITIES AND FUND EQUITY</b></u>		
<b>LIABILITIES:</b>		
Accounts payable	\$ <b>3,166</b>	\$ 2,105
Due to other funds	-	-
Total liabilities	<b>3,166</b>	2,105
<b>FUND EQUITY:</b>		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	<b>3,063</b>	4,497
Total fund equity	<b>3,063</b>	4,497
Total liabilities and fund equity	<b>\$ 6,229</b>	\$ 6,602

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

**NAPOLEON TOWNSHIP**  
**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2010**  
(With comparative actual totals from the year ended June 30, 2009)

	<b>2010</b>		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES:</b>				
Licenses and permits:				
Building permits	\$ 11,000	\$ <b>12,827</b>	\$ 1,827	\$ 13,117
Electrical permits	7,000	<b>6,865</b>	(135)	8,295
Plumbing permits	2,000	<b>2,175</b>	175	2,200
Mechanical permits	3,700	<b>4,630</b>	930	4,120
Addressing	280	<b>210</b>	(70)	210
Administrative Fees	500	-	(500)	-
Zoning/Site Inspections	-	-	-	293
Total licenses and permits	24,480	<b>26,707</b>	2,227	28,235
Interest	80	<b>20</b>	(60)	85
Total revenues	24,560	<b>26,727</b>	2,167	28,320
<b>EXPENDITURES:</b>				
Current - Public Safety:				
Contract fees:				
Zoning Administrator	-	-	-	195
Building Inspectors	11,000	<b>11,940</b>	(940)	11,580
Plumbing & Mechanical Inspectors	5,200	<b>5,880</b>	(680)	6,000
Electrical Inspectors	4,200	<b>4,320</b>	(120)	5,035
Office supplies	250	<b>100</b>	150	65
Computer supplies/contracts	1,200	-	1,200	700
Allocated costs	5,042	<b>5,042</b>	-	5,042
Professional services	500	<b>800</b>	(300)	800
Membership dues	-	-	-	100
Miscellaneous	168	<b>79</b>	89	130
Total current - Public Safety	27,560	<b>28,161</b>	(601)	29,647
Capital outlay	-	-	-	-
Total expenditures	27,560	<b>28,161</b>	(601)	29,647
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(3,000)	<b>(1,434)</b>	1,566	(1,327)
FUND BALANCE - Beginning of year	4,497	<b>4,497</b>	-	5,824
FUND BALANCE - End of year	\$ 1,497	\$ <b>3,063</b>	\$ 1,566	\$ 4,497

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

**NAPOLEON TOWNSHIP**  
**MEMORIAL SPECIAL REVENUE FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	TOTALS	
	2010	2009
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 1,560	\$ 1,552
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	\$ 1,560	\$ 1,552
Total assets	\$ 1,560	\$ 1,552
<u>LIABILITIES AND FUND EQUITY:</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	-	-
FUND EQUITY:		
Fund Balance - Designated	1,560	1,552
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	-	-
Total fund equity	1,560	1,552
Total liabilities and fund equity	\$ 1,560	\$ 1,552

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

**NAPOLEON TOWNSHIP**  
**MEMORIAL SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
REVENUES:				
Interest	\$ -	\$ 8	\$ 8	\$ 24
Other - Donations	-	-	-	-
Total revenues	-	8	8	24
EXPENDITURES:				
Recreation and culture:				
Community promotion	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	8	8	24
FUND BALANCE - Beginning of year	1,552	1,552	-	1,528
FUND BALANCE - End of year	\$ 1,552	\$ 1,560	\$ 8	\$ 1,552

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

**NAPOLEON TOWNSHIP**  
**PARKS ENDOWMENT SPECIAL REVENUE FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	2009
<u>ASSETS</u>		
Cash and cash equivalents	\$ 31,794	\$ 7,095
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	<b>\$ 31,794</b>	<b>\$ 7,095</b>
Total assets	<b>\$ 31,794</b>	<b>\$ 7,095</b>
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	-	-
FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	31,794	7,095
Total fund equity	<b>31,794</b>	<b>7,095</b>
Total liabilities and fund equity	<b>\$ 31,794</b>	<b>\$ 7,095</b>

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

**NAPOLEON TOWNSHIP**  
**PARKS ENDOWMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
<b>REVENUES:</b>				
Interest	\$ -	\$ 69	\$ 69	\$ 33
Other	-	-	-	-
Total revenues	-	<b>69</b>	69	33
<b>EXPENDITURES:</b>				
Recreation and culture:				
Community promotion	-	-	-	-
Miscellaneous	-	<b>370</b>	(370)	266
Capital outlay	-	-	-	-
Total expenditures	-	<b>370</b>	(370)	266
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	<b>(301)</b>	(301)	(233)
<b>OTHER FINANCING SOURCES:</b>				
Operating transfer in	-	<b>25,000</b>	25,000	5,000
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	-	<b>24,699</b>	24,699	4,767
<b>FUND BALANCE - Beginning of year</b>	7,095	<b>7,095</b>	-	2,328
<b>FUND BALANCE - End of year</b>	\$ 7,095	\$ <b>31,794</b>	\$ 24,699	\$ 7,095

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

**NAPOLEON TOWNSHIP**  
**CEMETERY URN PERMANENT FUND**  
**BALANCE SHEETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

		CEMETERY URN FUND	
		2010	2009
<u>ASSETS</u>			
Cash		\$ 6,435	\$ 6,626
Accounts receivable		-	-
Prepaid expenses		-	-
Due from other funds		-	-
Due from other governments		-	-
		-	-
Total assets		\$ 6,435	\$ 6,626
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable		\$ -	\$ -
Accrued payroll		-	-
Due to other funds		-	-
Total liabilities		-	-
FUND EQUITY:			
Fund Balance - Designated		-	-
Fund Balance - Reserved		4,750	4,750
Fund Balance - Undesignated, unreserved		1,685	1,876
Total fund equity		6,435	6,626
Total liabilities and fund equity		\$ 6,435	\$ 6,626

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

**NAPOLEON TOWNSHIP**  
**CEMETERY URN PERMANENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative actual totals from the year ended June 30, 2009)

	2010		VARIANCE - FAVORABLE (UNFAVORABLE)	2009
	BUDGET	ACTUAL		ACTUAL
REVENUES -				
Interest	\$ -	\$ 38	\$ 38	\$ 125
EXPENDITURES -				
Other functions - Misc	-	229	(229)	223
EXCESS OF REVENUES OVER EXPENDITURES	-	(191)	(191)	(98)
FUND BALANCE - Beginning of year	6,626	6,626	-	6,724
FUND BALANCE - End of year	\$ 6,626	\$ 6,435	\$ (191)	\$ 6,626

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

**NAPOLEON TOWNSHIP**

ADDITIONAL SUPPLEMENTAL INFORMATION

**INDIVIDUAL FUND FINANCIAL STATEMENTS - PROPRIETARY FUNDS:**

(All include 2009 actual amounts for comparison)

**SEWER #1 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

**SEWER #2 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

**SEWER #9 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

**WATER #1 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #1 ENTERPRISE FUND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 541,659	\$ 553,040
Interest receivable	-	-
Accounts receivable	39,821	20,323
Special assessments receivable - Current	47,900	48,700
Due from other funds	-	1,099
Total current assets	629,380	623,162
<b>NONCURRENT ASSETS:</b>		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	1,066,088	1,100,495
Investments in joint venture	-	-
Special assessments receivable - Long Term	424,464	481,004
Total noncurrent assets	1,490,552	1,581,499
Total assets	2,119,932	2,204,661
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	16,604	18,673
Capital lease payable - Current portion	75,000	50,000
Deferred loss on refunding - Current portion	-	-
Accrued interest payable	5,888	6,238
Due to other funds	-	-
Deferred revenue	8,475	8,504
Total current liabilities	105,967	83,415
<b>NONCURRENT LIABILITIES:</b>		
Capital lease payable - Long term portion	675,000	750,000
Deferred loss on refunding - Long term portion	-	-
Total long term liabilities	675,000	750,000
Total liabilities	780,967	833,415
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	316,088	300,495
Restricted for Capital Lease Retirement	829,261	882,243
Unrestricted	193,616	188,508
Total net assets	\$ 1,338,965	\$ 1,371,246

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #1 ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Usage	\$ 125,882	\$ 111,528
Other:		
Penalties	3,239	1,556
Miscellaneous	-	-
Total other revenue	<u>3,239</u>	<u>1,556</u>
Total operating revenues	<u>129,121</u>	<u>113,084</u>
<b>OPERATING EXPENSES:</b>		
Operating supplies	-	-
Administrative and professional	11,522	11,209
Printing and publications	-	-
Insurance and bonds	424	459
Utilities	2,542	2,067
Treatment/transportation fees	89,220	73,518
Operations and maintenance	15,739	15,885
Repairs	1,164	13,265
Depreciation	34,407	34,407
Miscellaneous	164	554
Total operating expenses	<u>155,182</u>	<u>151,364</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(26,061)</u>	<u>(38,280)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Connection fees	-	-
Connection expenses	-	(1,548)
Interest income	30,893	35,559
Interest expenses	(37,113)	(39,171)
Net nonoperating revenues (expenses)	<u>(6,220)</u>	<u>(5,160)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(32,281)</b>	<b>(43,440)</b>
<b>NET ASSETS - Beginning of year</b>	<u><b>1,371,246</b></u>	<u>1,414,686</u>
<b>NET ASSETS - End of year</b>	<u><u><b>\$ 1,338,965</b></u></u>	<u><u>\$ 1,371,246</u></u>

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #1 ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	<b>\$ 110,693</b>	\$ 113,634
Cash payments for goods and services	<b>(122,844)</b>	(109,510)
Net cash from operating activities	<b>(12,151)</b>	4,124
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Investment in joint venture	-	-
Connection expenses paid	-	(1,548)
Net cash from noncapital financing activities	-	(1,548)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	<b>87,768</b>	101,137
Principal payments	<b>(50,000)</b>	(50,000)
Interest payments	<b>(37,463)</b>	(39,512)
Purchases of capital assets	-	-
Net cash from capital and related financing activities	<b>305</b>	11,625
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	<b>465</b>	3,143
Proceeds from investments	-	-
Purchase of investments	-	-
Net cash from investing activities	<b>465</b>	3,143
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(11,381)</b>	17,344
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>553,040</b>	535,696
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 541,659</b>	\$ 553,040

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #1 ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	<b>2009</b>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (26,061)	\$ (38,280)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	34,407	34,407
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(19,498)	(1,221)
Interest receivable	-	-
Due from other funds	1,099	(592)
(Decrease) increase in liabilities:		
Accounts payable	(2,069)	8,039
Due to other funds	-	-
Deferred revenue	(29)	1,771
	<b>\$ (12,151)</b>	<b>\$ 4,124</b>
Net cash from operating activities	<b>\$ (12,151)</b>	<b>\$ 4,124</b>

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #2 ENTERPRISE FUND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 35,185	\$ 29,262
Interest receivable	-	-
Accounts receivable	18,528	17,297
Special assessments receivable - Current	146,700	111,600
Due from other funds	2,141	3,069
Total current assets	<u>202,554</u>	<u>161,228</u>
NONCURRENT ASSETS:		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	3,234,511	3,336,647
Investments in joint venture	341,262	390,060
Special assessments receivable - Long Term	1,022,269	1,215,943
Total noncurrent assets	<u>4,598,042</u>	<u>4,942,650</u>
 Total assets	 <u>4,800,596</u>	 <u>5,103,878</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	23,166	23,529
Capital lease payable - Current portion	211,008	191,825
Deferred loss on refunding - Current portion	(19,867)	(21,769)
Accrued interest payable	19,940	22,554
Due to other funds	-	-
Deferred revenue	14,258	14,282
Total current liabilities	<u>248,505</u>	<u>230,421</u>
NONCURRENT LIABILITIES:		
Capital lease payable - Long term portion	1,791,645	2,002,653
Deferred loss on refunding - Long term portion	(88,181)	(108,048)
Total long term liabilities	<u>1,703,464</u>	<u>1,894,605</u>
 Total liabilities	 <u>1,951,969</u>	 <u>2,125,026</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,231,858	1,142,169
Restricted for Capital Lease Retirement	1,513,256	1,725,778
Unrestricted	103,513	110,905
Total net assets	<u>\$ 2,848,627</u>	<u>\$ 2,978,852</u>

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #2 ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Usage	\$ 171,274	\$ 159,514
Other:		
Penalties	4,244	1,625
Miscellaneous	-	-
Total other revenue	<u>4,244</u>	<u>1,625</u>
Total operating revenues	<u>175,518</u>	<u>161,139</u>
<b>OPERATING EXPENSES:</b>		
Operating supplies	-	37
Administrative and professional	29,677	29,735
Printing and publications	-	-
Insurance and bonds	227	232
Utilities	-	-
Treatment/transportation fees	124,553	112,464
Operations and maintenance	197	-
Repairs	17,122	17,112
Depreciation	102,136	102,135
Miscellaneous	603	793
Total operating expenses	<u>274,515</u>	<u>262,508</u>
<b>OPERATING INCOME</b>	<u>(98,997)</u>	<u>(101,369)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Connection fees	3,475	-
Connection expenses	-	(5,991)
Interest income	70,441	75,020
Interest expenses	(105,144)	(116,574)
Net nonoperating revenues (expenses)	<u>(31,228)</u>	<u>(47,545)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(130,225)</b>	<b>(148,914)</b>
<b>RETAINED EARNINGS - Beginning of year</b>	<u><b>2,978,852</b></u>	<u>3,127,766</u>
<b>RETAINED EARNINGS - End of year</b>	<u><u><b>\$ 2,848,627</b></u></u>	<u><u>\$ 2,978,852</u></u>

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #2 ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ <b>175,191</b>	\$ 165,154
Cash payments for goods and services	<b>(172,742)</b>	(146,366)
Net cash from operating activities	<b>2,449</b>	18,788
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Investment in joint venture	<b>(229,016)</b>	(225,615)
Connection expenses paid	-	(5,991)
Net cash from noncapital financing activities	<b>(229,016)</b>	(231,606)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	<b>232,490</b>	225,166
Principal payments	-	-
Interest payments	-	-
Purchases of capital assets	-	-
Net cash from capital and related financing activities	<b>232,490</b>	225,166
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	-	-
Proceeds from investments	-	-
Purchase of investments	-	-
Net cash from investing activities	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,923</b>	12,348
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>29,262</b>	16,914
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 35,185</b>	\$ 29,262
<b>NONCASH ACTIVITY:</b>		
The Wolf Lake Common Fund (joint venture) paid the following on behalf of Sewer District #2:		
Purchase of capital assets	\$ -	\$ -
Principal payments on capital lease payable	<b>191,825</b>	191,825
Interest payments on capital lease payable	<b>85,988</b>	116,574
	<b>\$ 277,813</b>	\$ 308,399
New special assessments were recorded as connection fee revenue	\$ -	\$ -

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #2 ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	<b>2009</b>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (98,997)	\$ (101,369)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	102,136	102,135
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(1,231)	(9)
Due from other funds	928	(597)
(Decrease) increase in liabilities:		
Accounts payable	(363)	14,604
Due to other funds	-	-
Deferred revenue	(24)	4,024
	<b>\$ 2,449</b>	<b>\$ 18,788</b>
Net cash from operating activities	<b>\$ 2,449</b>	<b>\$ 18,788</b>

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #9 ENTERPRISE FUND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 250,887	\$ 234,962
Interest receivable	-	-
Accounts receivable	8,908	10,846
Special assessments receivable - Current	-	-
Due from other funds	-	12
Total current assets	259,795	245,820
<b>NONCURRENT ASSETS:</b>		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	455,139	486,212
Investments in joint venture	-	-
Special assessments receivable - Long Term	-	-
Total noncurrent assets	455,139	486,212
Total assets	714,934	732,032
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	8,735	5,146
Capital lease payable - Current portion	-	-
Deferred loss on refunding - Current portion	-	-
Accrued interest payable	-	-
Due to other funds	-	1,189
Deferred revenue	6,786	6,813
Total current liabilities	15,521	13,148
<b>NONCURRENT LIABILITIES</b>		
Capital lease payable - Long term portion	-	-
Deferred loss on refunding - Long term portion	-	-
Total long term liabilities	-	-
Total liabilities	15,521	13,148
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	455,139	486,212
Restricted for Capital Lease Retirement	-	-
Unrestricted	244,274	232,672
Total net assets	\$ 699,413	\$ 718,884

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #9 ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	2009
<b>OPERATING REVENUES:</b>		
Charges for services:		
Usage	<b>\$ 81,813</b>	\$ 81,978
Other:		
Penalties	<b>998</b>	1,163
Miscellaneous	<b>-</b>	-
Total other revenue	<b>998</b>	1,163
Total operating revenues	<b>82,811</b>	83,141
<b>OPERATING EXPENSES:</b>		
Operating supplies	-	-
Administrative and professional	<b>13,120</b>	13,064
Printing and publications	-	-
Insurance and bonds	<b>336</b>	346
Utilities	<b>3,911</b>	3,525
Treatment/transportation fees	<b>29,237</b>	39,536
Operations and maintenance	<b>5,100</b>	5,100
Repairs	<b>19,740</b>	1,018
Depreciation	<b>31,073</b>	31,073
Miscellaneous	<b>31</b>	28
Total operating expenses	<b>102,548</b>	93,690
<b>OPERATING INCOME (LOSS)</b>	<b>(19,737)</b>	(10,549)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Connection fees	-	-
Connection expenses	-	-
Interest income	<b>266</b>	1,764
Interest expenses	-	-
Net nonoperating revenues (expenses)	<b>266</b>	1,764
<b>CHANGE IN NET ASSETS</b>	<b>(19,471)</b>	(8,785)
<b>NET ASSETS - Beginning of year</b>	<b>718,884</b>	727,669
<b>NET ASSETS - End of year</b>	<b>\$ 699,413</b>	\$ 718,884

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #9 ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ <b>83,545</b>	\$ 86,084
Cash payments for goods and services	<b>(67,886)</b>	(61,138)
Net cash from operating activities	<b>15,659</b>	24,946
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Investment in joint venture	-	-
Connection expenses paid	-	-
Net cash from noncapital financing activities	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	-	-
Principal payments	-	-
Interest payments	-	-
Purchases of capital assets	-	-
Net cash from capital and related financing activities	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	<b>266</b>	1,764
Proceeds from investments	-	-
Purchase of investments	-	-
Net cash from investing activities	<b>266</b>	1,764
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>15,925</b>	26,710
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>234,962</b>	208,252
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 250,887</b>	\$ 234,962

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - SEWER #9 ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	<b>2009</b>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (19,737)	\$ (10,549)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	31,073	31,073
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	1,938	1,754
Due from other funds	12	-
(Decrease) increase in liabilities:		
Accounts payable	3,589	1,479
Due to other funds	(1,189)	1,189
Deferred revenue	(27)	-
Net cash from operating activities	<b>\$ 15,659</b>	<b>\$ 24,946</b>

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - WATER #1 ENTERPRISE FUND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	2009
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 96,813	\$ 87,222
Interest receivable	-	-
Accounts receivable	5,480	4,117
Special assessments receivable - Current	1,150	1,150
Due from other funds	-	-
Total current assets	103,443	92,489
NONCURRENT ASSETS:		
Capital assets not being depreciated	34,450	34,450
Capital assets being depreciated, net	1,356,442	1,393,137
Investments in joint ventures	-	-
Special assessments receivable - Long Term	5,750	6,900
Total noncurrent assets	1,396,642	1,434,487
Total assets	1,500,085	1,526,976
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	2,659	2,090
Capital lease payable - Current portion	-	-
Deferred loss on refunding - Current portion	-	-
Accrued interest payable	-	-
Due to other funds	-	-
Deferred revenue	2,694	2,698
Total current liabilities	5,353	4,788
NONCURRENT LIABILITIES:		
Capital lease payable - Long term portion	-	-
Deferred loss on refunding - Long term portion	-	-
Total noncurrent liabilities	-	-
Total liabilities	5,353	4,788
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,390,892	1,427,587
Restricted for Capital Lease Retirement	-	-
Unrestricted	103,840	94,601
Total net assets	\$ 1,494,732	\$ 1,522,188

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - WATER #1 ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Usage	\$ <b>32,356</b>	\$ 32,356
Other:		
Penalties	<b>1,006</b>	342
Miscellaneous	-	-
Total other revenue	<u><b>1,006</b></u>	<u>342</u>
Total operating revenues	<u><b>33,362</b></u>	<u>32,698</u>
<b>OPERATING EXPENSES:</b>		
Operating supplies	<b>3,925</b>	3,938
Administrative and professional	<b>8,437</b>	10,487
Printing and publications	<b>271</b>	619
Insurance and bonds	<b>720</b>	609
Utilities	<b>3,077</b>	2,960
Treatment/transportation fees	-	-
Operations and maintenance	<b>7,724</b>	7,704
Repairs	<b>500</b>	1,396
Depreciation	<b>36,695</b>	36,695
Miscellaneous	-	29
Total operating expenses	<u><b>61,349</b></u>	<u>64,437</u>
<b>OPERATING INCOME (LOSS)</b>	<u><b>(27,987)</b></u>	<u>(31,739)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Connection fees	<b>2,500</b>	992
Connection expenses	<b>(2,505)</b>	(112)
Interest income	<b>536</b>	957
Interest expense	-	-
Net nonoperating revenues (expenses)	<u><b>531</b></u>	<u>1,837</u>
<b>CHANGE IN NET ASSETS</b>	<u><b>(27,456)</b></u>	<u>(29,902)</u>
<b>NET ASSETS - Beginning of year</b>	<u><b>1,522,188</b></u>	<u>1,552,090</u>
<b>NET ASSETS - End of year</b>	<u><u><b>\$ 1,494,732</b></u></u>	<u><u>\$ 1,522,188</u></u>

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - WATER #1 ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ <b>31,994</b>	\$ 35,919
Cash payments for goods and services	<b>(24,085)</b>	(28,019)
Net cash from operating activities	<b>7,909</b>	7,900
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Investment in joint venture	-	-
Connection expenses paid	<b>(2,505)</b>	(112)
Net cash from noncapital financing activities	<b>(2,505)</b>	(112)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	<b>4,134</b>	2,749
Principal payments	-	-
Interest payments	-	-
Purchases of capital assets	-	-
Net cash from capital and related financing activities	<b>4,134</b>	2,749
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	<b>53</b>	350
Proceeds from investments	-	-
Purchase of investments	-	-
Net cash from investing activities	<b>53</b>	350
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,591</b>	10,887
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>87,222</b>	76,335
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 96,813</b>	\$ 87,222

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

**NAPOLEON TOWNSHIP**  
**PROPRIETARY FUNDS - WATER #1 ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(With comparative totals from the year ended June 30, 2009)

	<b>2010</b>	<b>2009</b>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (27,987)	\$ (31,739)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	36,695	36,695
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(1,364)	3,204
Due from other funds	-	-
(Decrease) increase in liabilities:		
Accounts payable	569	(295)
Due to other funds	-	18
Deferred revenue	(4)	17
	<b>\$ 7,909</b>	<b>\$ 7,900</b>
Net cash from operating activities	<b>\$ 7,909</b>	<b>\$ 7,900</b>

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

**NAPOLEON TOWNSHIP**

ADDITIONAL SUPPLEMENTAL INFORMATION

**INDIVIDUAL FUND FINANCIAL STATEMENTS - FIDUCIARY FUNDS:**

PENSION TRUST FUND BALANCE SHEET

PENSION TRUST FUND STATEMENT OF CHANGES IN NET ASSETS

AGENCY FUNDS COMBINING BALANCE SHEET

AGENCY FUNDS SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

**NAPOLEON TOWNSHIP**  
**PENSION TRUST FUND**  
**BALANCE SHEET**  
**JUNE 30, 2010**  
(With comparative totals from June 30, 2009)

	<b>2010</b>	2009
<b>ASSETS -</b>		
Investments	\$ <b>466,080</b>	\$ 1,656,808
Accounts receivable	-	-
Investments	<b>\$ 466,080</b>	\$ 1,656,808
 <b>FUND EQUITY -</b>		
Reserved	<b>\$ 466,080</b>	\$ 1,656,808

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

**NAPOLEON TOWNSHIP**  
**PENSION TRUST FUND**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30 2010**  
(With comparative totals from the year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES:</b>		
Investment income (loss)	\$ 151,703	\$ (224,125)
Employee contributions	23,633	23,927
Employer contributions	33,685	34,588
Total operating revenues	<u>209,021</u>	<u>(165,610)</u>
<b>OPERATING EXPENSES:</b>		
Asset management fees	7,571	-
Employee withdrawals	1,392,178	75,229
Total operating expenses	<u>1,399,749</u>	<u>75,229</u>
<b>NET INCOME</b>	<b>(1,190,728)</b>	<b>(240,839)</b>
<b>FUND BALANCE - Beginning of year</b>	<u><b>1,656,808</b></u>	<u>1,897,647</u>
<b>FUND BALANCE - End of year</b>	<u><u><b>\$ 466,080</b></u></u>	<u><u><b>\$ 1,656,808</b></u></u>

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

**NAPOLEON TOWNSHIP**  
**AGENCY FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

(With comparative totals from June 30, 2009)

	TRUST AND AGENCY	CURRENT TAX	TOTALS	
			2010	2009
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 31,186	\$ 46,290	\$ <b>77,476</b>	\$ 27,757
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 31,186</u>	<u>\$ 46,290</u>	<u>\$ <b>77,476</b></u>	<u>\$ 27,757</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to others	30,666	6,753	<b>37,419</b>	25,796
Due to other governments	520	39,537	<b>40,057</b>	1,961
Deferred revenue	-	-	-	-
	<u>\$ 31,186</u>	<u>\$ 46,290</u>	<u>\$ <b>77,476</b></u>	<u>\$ 27,757</u>

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

**NAPOLEON TOWNSHIP**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	TRUST AND AGENCY FUND				CURRENT TAX FUND			
	BALANCE 7/1/09	COLLECTIONS	PAYMENTS	BALANCE 6/30/10	BALANCE 7/1/09	COLLECTIONS	PAYMENTS	BALANCE 6/30/10
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 20,275	\$ 20,981	\$ 10,070	\$ <b>31,186</b>	\$ 7,482	\$ 7,919,283	\$ 7,880,475	\$ <b>46,290</b>
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 20,275</u>	<u>\$ 20,981</u>	<u>\$ 10,070</u>	<u>\$ <b>31,186</b></u>	<u>\$ 7,482</u>	<u>\$ 7,919,283</u>	<u>\$ 7,880,475</u>	<u>\$ <b>46,290</b></u>
<b>LIABILITIES:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	934,577	934,577	-
Due to others	20,190	19,449	8,973	<b>30,666</b>	5,606	11,189	10,042	<b>6,753</b>
Due to other governments	85	1,532	1,097	<b>520</b>	1,876	6,973,517	6,935,856	<b>39,537</b>
Deferred revenue	-	-	-	-	-	-	-	-
	<u>\$ 20,275</u>	<u>\$ 20,981</u>	<u>\$ 10,070</u>	<u>\$ <b>31,186</b></u>	<u>\$ 7,482</u>	<u>\$ 7,919,283</u>	<u>\$ 7,880,475</u>	<u>\$ <b>46,290</b></u>

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

**NAPOLEON TOWNSHIP**

**ADDITIONAL SUPPLEMENTAL INFORMATION**

**SCHEDULES OF PRINCIPAL AND INTEREST REQUIREMENTS**

**GENERAL OBLIGATION BONDS PAYABLE:**

NAPOLEON TOWNSHIP MUNICIPAL BUILDING BONDS - \$3,215,000

**CAPITAL LEASES PAYABLE:**

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

Sewer District #1 (Napoleon Village Section) - \$1,125,000

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

Sewer District #2 (Wolf Lake Section - 76.73% of Total) - \$3,759,770

After December 20, 2006 Partial Refunding

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY

Sewer District #2 (Wolf Lake Section - 76.73% of Total) - \$1,791,646

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**NAPOLEON TOWNSHIP MUNICIPAL BUILDING BONDS**  
**DATED SEPTEMBER 1, 2000 (\$3,215,000)**  
**AS OF JUNE 30, 2010**

<u>PAYMENT DATE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST RATE</u>	<u>INTEREST DUE</u>	<u>TOTAL PAYMENT</u>	<u>FISCAL YEAR TOAL</u>
11/01/09			\$ 60,956	\$ 60,956	
05/01/10	\$ 150,000	7.00%	60,956	210,956	\$ 271,912
11/01/10			55,706	55,706	
05/01/11	175,000	7.00%	55,706	230,706	286,412
11/01/11			49,581	49,581	
05/01/12	175,000	6.00%	49,582	224,582	274,163
11/01/12			44,331	44,331	
05/01/13	200,000	5.05%	44,332	244,332	288,663
11/01/13			39,281	39,281	
05/01/14	200,000	5.10%	39,282	239,282	278,563
11/01/14			34,181	34,181	
05/01/15	200,000	5.20%	34,182	234,182	268,363
11/01/15			28,981	28,981	
05/01/16	225,000	5.30%	28,981	253,981	282,962
11/01/16			23,019	23,019	
05/01/17	225,000	5.35%	23,019	248,019	271,038
11/01/17			17,000	17,000	
05/01/18	250,000	4.00%	17,000	267,000	284,000
11/01/18			12,000	12,000	
05/01/19	275,000	4.00%	12,000	287,000	299,000
11/01/19			6,500	6,500	
05/01/20	325,000	4.00%	6,500	331,500	338,000
	<u>          </u>		<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 2,400,000</u>		<u>\$ 743,076</u>	<u>\$ 3,143,076</u>	<u>\$ 3,143,076</u>
Balance at 6/30/10	<u><b>\$ 2,250,000</b></u>		<u><b>\$ 621,164</b></u>		<u><b>\$ 2,871,164</b></u>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY**  
**SEWER DISTRICT #1 (NAPOLEON VILLAGE SECTION)**  
**BONDS DATED JULY 1, 2001 (\$1,125,000)**  
**AS OF JUNE 30, 2010**

<u>PAYMENT DATE</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST RATE</u>	<u>INTEREST DUE</u>	<u>TOTAL PAYMENT</u>	<u>FISCAL YEAR TOAL</u>
11/01/09			\$ 18,731	\$ 18,731	
05/01/10	\$ 50,000	4.20%	18,731	68,731	\$ 87,462
11/01/10			17,681	17,681	
05/01/11	75,000	4.30%	17,681	92,681	110,362
11/01/11			16,069	16,069	
05/01/12	75,000	4.40%	16,069	91,069	107,138
11/01/12			14,419	14,419	
05/01/13	75,000	4.50%	14,419	89,419	103,838
11/01/13			12,731	12,731	
05/01/14	75,000	4.60%	12,731	87,731	100,462
11/01/14			11,006	11,006	
05/01/15	75,000	4.70%	11,006	86,006	97,012
11/01/15			9,244	9,244	
05/01/16	75,000	4.80%	9,244	84,244	93,488
11/01/16			7,444	7,444	
05/01/17	75,000	4.85%	7,444	82,444	89,888
11/01/17			5,625	5,625	
05/01/18	75,000	5.00%	5,625	80,625	86,250
11/01/18			3,750	3,750	
05/01/19	75,000	5.00%	3,750	78,750	82,500
11/01/19			1,875	1,875	
05/01/20	75,000	5.00%	1,875	76,875	78,750
<b>Total</b>	<b>\$ 800,000</b>		<b>\$ 237,150</b>	<b>\$ 1,037,150</b>	<b>\$ 1,037,150</b>
<b>Balance at 6/30/10</b>	<b>\$ 750,000</b>		<b>\$ 199,688</b>		<b>\$ 949,688</b>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY**  
**SEWER DISTRICT #2 (WOLF LAKE SECTION)**  
**BONDS DATED MARCH 1, 2000 (\$4,900,000)**  
**(NAPOLEON TOWNSHIP PORTION ONLY - 76.73% OF TOTAL)**  
**SUBSEQUENT TO DECEMBER 2006 REFUNDING**  
**AS OF JUNE 30, 2010**

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
10/1/2009	\$ 191,825	4.10%	\$ 11,030	\$ 202,855	
4/1/2010			5,803	5,803	\$ 208,658
10/1/2010	<u>211,007</u>	4.20%	5,803	216,810	
4/1/2011			-	-	<u>216,810</u>
Total	<u>\$ 402,832</u>		<u>\$ 22,636</u>	<u>\$ 425,468</u>	<u>\$ 425,468</u>
Balance at 6/30/10	<u><b>\$ 211,007</b></u>		<u><b>\$ 5,803</b></u>		<u><b>\$ 216,810</b></u>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY**  
**SEWER DISTRICT #2 (WOLF LAKE SECTION)**  
**BONDS DATED DECEMBER 20, 2006 (\$2,335,000)**  
**(NAPOLEON TOWNSHIP PORTION ONLY - 76.73% OF TOTAL)**  
**AS OF JUNE 30, 2010**

PAYMENT DATE	PRINCIPAL	INTEREST RATE	INTEREST	TOTAL PAYMENT	TOTAL
10/01/09	\$ -	0.00%	\$ 34,078	\$ 34,078	
04/01/10			34,078	34,078	\$ 68,156
10/01/10	-	0.00%	34,078	34,078	
04/01/11			34,078	34,078	68,156
10/01/11	207,171	3.75%	34,078	241,249	
04/01/12			30,193	30,193	271,442
10/01/12	203,335	3.75%	30,193	233,528	
04/01/13			26,381	26,381	259,909
10/01/13	199,498	3.75%	26,381	225,879	
04/01/14			22,640	22,640	248,519
10/01/14	195,662	3.75%	22,640	218,302	
04/01/15			18,971	18,971	237,273
10/01/15	191,825	3.75%	18,971	210,796	
04/01/16			15,375	15,375	226,171
10/01/16	207,171	3.75%	15,375	222,546	
04/01/17			11,490	11,490	234,036
10/01/17	199,498	3.75%	11,490	210,988	
04/01/18			7,750	7,750	218,738
10/01/18	195,661	4.00%	7,750	203,411	
04/01/19			3,837	3,837	207,248
10/01/19	191,825	4.00%	3,837	195,662	
04/01/20					195,662
<b>Total</b>	<b>\$ 1,791,646</b>		<b>\$ 443,664</b>		<b>\$ 2,235,310</b>
<b>Balance at 6/30/10</b>	<b>\$ 1,791,646</b>		<b>\$ 375,508</b>		<b>\$ 1,971,492</b>