

**AUDITED FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTAL INFORMATION  
OTHER FINANCIAL INFORMATION  
AND SUPPLEMENTAL REPORTS**

**TOWNSHIP OF WAKEFIELD  
WAKEFIELD, MICHIGAN  
GOGEBIC COUNTY**

**March 31, 2010**

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INDEPENDENT AUDITOR'S REPORT

Supervisor and Members of the Board  
Township of Wakefield  
Wakefield, 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 Township of Wakefield as of and for the year ended March 31, 2010, which collectively comprise the basic financial statements of Township of Wakefield, 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and with the standards prescribed by the State Treasurer. 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 Township of Wakefield as of March 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2010, on our consideration of Township of Wakefield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 13 and pages 40 and 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate 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 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 and opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Wakefield's financial statements taken as a whole. The accompanying Other Financial Information is presented for purposes of additional analysis and is not a required part of the financial statements. The Other Financial Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Joki, Matka, Pollock & Ahonen, PLLC*

Certified Public Accountants

Ironwood, Michigan  
August 18, 2010

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## TOWNSHIP OF WAKEFIELD

Year ended March 31, 2010

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

This section of the Township of Wakefield's (Township) annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2010. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*, as amended and interpreted, and is intended to provide the financial results for the fiscal year ending March 31, 2010.

### **Government-wide Financial Statements**

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual method of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities except the fiduciary funds. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental and business-type activities of the Township that include all services performed by the Township. These activities are funded primarily by property taxes, charges for services and by federal and state grants.

The statement of net assets reports the Township's assets and liabilities. The corresponding balance between the assets and liabilities equals the net assets (deficit) of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the financial position of the Township generally is. It helps management determine if the Township will be able to fund current obligations and whether they have resources available for future use.

The statement of activities shows the current year change in net assets on a revenue less expense basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township.

**Fund Financial Statements**

The Township's fund financial statements show a detail of funds that are determined to be significant, called major funds. The funds that are separately stated as major funds are the General Fund, Special Revenue Fund and Garbage Fund. The Township has no nonmajor funds.

Governmental funds are accounted for by the modified accrual method of accounting (flow of current financial resources measurement focus). This method records revenues when all applicable eligibility requirements are met and resources are available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred. The governmental fund financial statements show the detail of operations for a given year according to this method of accounting. This is similar to how the Township reported their finances in the past. The individual fund statements help management determine what financial resources are available on a short-term basis to fund operations.

Since the government-wide financial statements and the fund financial statements use different methods of accounting to report the Township's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

Fiduciary funds are reported in the fiduciary fund financial statement, but are excluded from the government-wide reporting. The fiduciary fund financial statement reports resources that are not available to fund Township programs. The fiduciary fund financial statement reports similarly to governmental funds. Fiduciary funds include the Trust and Agency Fund and the Tax Collection Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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**Government-wide Financial Statements – Condensed Financial Information**

Statement of Net Assets

The following are condensed statements of net assets with a detailed analysis of the statements below.

	<u>March 31, 2010</u>	
	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 301,583	
Investments	327,324	
Receivables	15,260	
Due from other funds	5,076	
Prepaid expenses	<u>1,553</u>	
Total Current Assets	\$ 650,796	
Noncurrent Assets -		
Capital assets, net of accumulated depreciation	<u>141,812</u>	<u>          </u>
Total Assets	<u>\$ 792,608</u>	<u>\$ 0</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 5,760	
Due other funds	5,308	
Current portion of long term liabilities	<u>3,000</u>	
Total Current Liabilities	\$ 14,068	
Long-term liabilities, net of current portion	<u>27,750</u>	
Total Liabilities	<u>\$ 41,818</u>	
<b>NET ASSETS</b>		
Investment in capital assets	\$ 141,812	
Restricted for economic development	19,520	
Unrestricted	<u>589,458</u>	<u>          </u>
Total Net Assets	<u>\$ 750,790</u>	<u>\$ 0</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Net Assets (Continued)

	<u>March 31, 2009</u>	
	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 332,260	\$ 140
Investments	328,043	
Receivables	15,260	
Due from other funds	5,076	
Prepaid expenses	<u>1,553</u>	
Total Current Assets	\$ 682,192	\$ 140
Noncurrent Assets -		
Capital assets, net of accumulated depreciation	<u>138,081</u>	
Total Assets	<u>\$ 820,273</u>	<u>\$ 140</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 4,593	
Due other funds	4,650	
Other current liabilities	5,000	
Current portion of long term liabilities	<u>3,000</u>	
Total Current Liabilities	\$ 17,243	
Long-term liabilities, net of current portion	<u>30,750</u>	
Total Liabilities	<u>\$ 47,993</u>	
<b>NET ASSETS</b>		
Investment in capital assets	\$ 138,081	
Restricted for economic development	19,520	
Unrestricted	<u>614,679</u>	<u>\$ 140</u>
Total Net Assets	<u>\$ 772,280</u>	<u>\$ 140</u>

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Net Assets (Continued)

The Township's total net assets are \$750,790 and \$772,420 at March 31, 2010 and 2009, respectively. The investment in capital assets is \$141,812 and \$138,081 at March 31, 2010 and 2009, respectively. This figure is derived by taking the original cost of the Township's assets and subtracting accumulated depreciation to date. There was no long-term debt at March 31, 2010 and 2009 financing acquisition of assets.

The total unrestricted net assets are \$589,458 and \$614,679 as of March 31, 2010 and 2009, respectively. This is the net accumulated result of the current and past years' operations. The nature of the Township's operations is based on property taxes, charges for services, state aid, federal grants and local funds received to fund various programs. The balance in the unrestricted net assets shows that the Township has an ample amount of assets to fund liabilities.

The Garbage fund as of March 31, 2010 and 2009 reports unrestricted net assets of \$0 and \$140, respectively. The only activity in the Garbage fund during the years ended March 31, 2010 and 2009 was the collection of garbage revenues billed to residents and the transfer of that money to the General Fund to offset a portion of the garbage collection costs.

Statement of Activities

The results of operations for the Township as a whole are reported in the statement of activities. The statements below report the changes in net assets for the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Activities (Continued)

		<b><u>Year ended March 31, 2010</u></b>	
		<u>Governmental</u>	<u>Business-Type</u>
		<u>Activities</u>	<u>Activities</u>
Revenue:			
Program Revenues:			
Charges for services		\$ 5,841	\$ 12,580
Capital grants and contributions		15,500	
General Revenues:			
Property taxes		154,388	
State and federal grants		37,764	
Other		<u>8,401</u>	<u>1</u>
	Total Revenue	\$ 221,894	\$ 12,581
Program expenses -			
Governmental activities		256,105	
Transfers			
		<u>12,721</u>	<u>(12,721)</u>
	Increase (Decrease) in Net Assets	<u>\$ (21,490)</u>	<u>\$ (140)</u>
		<b><u>Year ended March 31, 2009</u></b>	
		<u>Governmental</u>	<u>Business-Type</u>
		<u>Activities</u>	<u>Activities</u>
Revenue:			
Program Revenues:			
Charges for services		\$ 6,211	\$ 12,586
Capital grants and contributions		20,000	
General Revenues:			
Property taxes		196,537	
State and federal grants		41,739	
Other		<u>25,743</u>	<u>35</u>
	Total Revenue	\$ 290,230	\$ 12,621
Program expenses -			
Governmental activities		318,166	
Transfers			
		12,481	(12,481)
Special items - (loss) on sale of fixed assets			
		<u>(480)</u>	<u></u>
	Increase (Decrease) in Net Assets	<u>\$ (15,935)</u>	<u>\$ 140</u>

**Government-wide Financial Statements – Condensed Financial Information (Continued)**

Statement of Activities (Continued)

The Township had an overall decrease in net assets of \$21,630 for the year ended March 31, 2010, consisting of a decrease in governmental activities of \$21,490 and a decrease in business-type activities of \$140. The Township had an overall decrease in net assets of \$15,795 for the year ended March 31, 2009, consisting of a decrease in governmental activities of \$15,935 and an increase in business-type activities of \$140. Depreciation expense of \$2,019 and \$1,997 was charged to governmental activities for the years ended March 31, 2010 and 2009, respectively.

The Township's total revenues were \$234,475 and \$302,851 for the years ended March 31, 2010 and 2009, respectively. The decrease in revenues was mostly due to the collection of property tax refunds charged-back to other local governmental units for a tax tribunal that was settled during the year ended March 31, 2009 in the amount of \$54,898.

The Township's total cost to fund governmental activities was \$256,105, and business-type activities was \$0 for the year ended March 31, 2010. The Township's total cost to fund governmental activities was \$318,166, and business-type activities was \$0 for the year ended March 31, 2009. The Township spent approximately \$20,000 for an internet tower to aid in economic development during the year ended March 31, 2010. The Township spent \$44,715 on energy efficiency improvements to the Township hall and paid \$59,790 for tax chargebacks that were reimbursed by local governmental units for the year ended March 31, 2009. The only activity in the business-type activities for the years ended March 31, 2010 and 2009 was the collection of garbage fees from residents which was transferred to the General Fund.

**Governmental Fund Budgetary Items**

During the year, the Township amended its original General Fund budget and Special Revenue Fund budget. A schedule showing the Township's original budget, final budget and the actual results are included as required supplementary information in the financial section of the audit report.

**Capital Assets**

At March 31, 2010, the Township had \$141,812 invested in capital assets, net of accumulated depreciation. Governmental activities reported a cost of \$655,668, at March 31, 2010 with accumulated depreciation of \$513,856. Governmental activities reported additions of \$5,750 for the donation of land with an estimated value of \$3,000 and furniture and computers of \$2,750. Depreciation charges for the year ended March 31, 2010 totaled \$2,019. The business-type activities reported no capital assets at March 31, 2010 or 2009.

## **Debt**

The Township had \$30,750 of long-term liabilities at March 31, 2010 compared to \$33,750 of long-term liabilities at March 31, 2009. The reduction includes principal of \$3,000 paid on a note payable related to economic development projects with the State of Michigan. Detail of the note can be found in Note F to the financial statements.

## **Comments and Future Considerations**

The Township:

- Has been able to keep the millage rate at its current level despite State of Michigan cutbacks.
- Continues with the spring cleanup and has not increased garbage rates to Township residents.
- Provides support to residents in areas where there are no addresses or confusion in the existing addresses so emergency services can locate premises when there are emergencies. This information is shared with the county 911 director.
- Continues to expand internet services to areas that have only dial-up services currently available.
- Continue to provide support to the Orvana Mine Project including permitting, infrastructure and other services necessary to see the project to its fruition.
- Continue to support other economic development activities.
- Continue efforts to bring blighted properties into compliance with the Township ordinance with the enactment of the new zoning ordinance and land division ordinance.
- Continue to improve and pave roads.
- Strive to accurately assess properties fairly and equally across the Township. The assessor will be assessing approximately 20% of the Township parcels on a five year rotating basis.
- Continue to maintain a healthy fund balance and monitor the budget.

## **Contacting the Township**

If you have any questions about this report or need additional information, contact the Township offices at Township of Wakefield, P.O. Box 164, Wakefield, MI 49968; telephone number (906) 224-8551 or our website at [www.wakefieldtownship.com](http://www.wakefieldtownship.com).

BASIC  
FINANCIAL  
STATEMENTS

STATEMENT OF NET ASSETS  
TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2010

	Governmental Activities	Business-Type Activities
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 301,583	
Investments	327,324	
Delinquent property taxes receivable	15,260	
Due from other funds	5,076	
Prepaid expenses	<u>1,553</u>	
Total Current Assets	\$ 650,796	
Noncurrent Assets -		
Capital assets, net of accumulated depreciation	<u>141,812</u>	<u>          </u>
Total Assets	<u>\$ 792,608</u>	<u>\$ 0</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 5,760	
Accrued wages and payroll taxes	5,308	
Current portion of loans payable	<u>3,000</u>	
Total Current Liabilities	\$ 14,068	
Long-term liabilities -		
Loans payable, less current portion	<u>27,750</u>	
Total Liabilities	<u>\$ 41,818</u>	
<b>NET ASSETS</b>		
Investment in capital assets	\$ 141,812	
Restricted for economic development	19,520	
Unrestricted	<u>589,458</u>	<u>          </u>
Total Net Assets	<u>\$ 750,790</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT  
TOWNSHIP OF  
Year ended

	Expenses	<u>Program Revenues</u>	
		Charges for Services	Capital Grants and Contributions
Governmental activities:			
Legislative	\$ 12,652		
General government	90,041	\$ 3,306	
Public safety	7,825	2,535	
Community and economic development	29,938		\$ 15,500
Public works	99,459		
Parks and recreation	3,905		
Other functions	10,266		
Depreciation - unallocated	<u>2,019</u>		
Total Governmental Activities	\$ 256,105	\$ 5,841	\$ 15,500
Business-type activities - Garbage fund		<u>12,580</u>	
Total	<u>\$ 256,105</u>	<u>\$ 18,421</u>	<u>\$ 15,500</u>

General revenues:

    Taxes  
    State and federal grants  
    Interest and rents  
    Other  
Transfers - net

Total General Revenues and Transfers

Change in Net Assets

Net assets at April 1, 2009

Net assets at March 31, 2010

The accompanying notes are an integral part of the financial statements.

OF ACTIVITIES

WAKEFIELD, MICHIGAN

March 31, 2010

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (12,652)		\$ (12,652)
(86,735)		(86,735)
(5,290)		(5,290)
(14,438)		(14,438)
(99,459)		(99,459)
(3,905)		(3,905)
(10,266)		(10,266)
<u>(2,019)</u>		<u>(2,019)</u>
\$ (234,764)		\$ (234,764)
<u>                    </u>	\$ 12,580	<u>12,580</u>
\$ (234,764)	\$ 12,580	\$ (222,184)
\$ 154,388		\$ 154,388
37,764		37,764
8,216	\$ 1	8,217
185		185
<u>12,721</u>	<u>(12,721)</u>	<u>                    </u>
<u>\$ 213,274</u>	<u>\$ (12,720)</u>	<u>\$ 200,554</u>
\$ (21,490)	\$ (140)	\$ (21,630)
<u>772,280</u>	<u>140</u>	<u>772,420</u>
<u>\$ 750,790</u>	<u>\$ 0</u>	<u>\$ 750,790</u>

BALANCE SHEET - GOVERNMENTAL FUNDS

TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2010

	General	Special Revenue	Totals Governmental Funds
<b>ASSETS</b>			
Cash	\$ 267,918	\$ 33,665	\$ 301,583
Investments	327,324		327,324
Delinquent property taxes receivable	15,260		15,260
Due from other funds	5,076		5,076
Prepaid expenses	<u>1,553</u>		<u>1,553</u>
	<u>\$ 617,131</u>	<u>\$ 33,665</u>	<u>\$ 650,796</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 5,760		\$ 5,760
Accrued wages and payroll taxes	5,308		5,308
Deferred revenue			
	<u>                    </u>		<u>                    </u>
Total Liabilities	\$ 11,068		\$ 11,068
<b>Fund equity:</b>			
Fund balances:			
Reserved for:			
Prepaid expenses	\$ 1,553		\$ 1,553
Economic development		\$ 19,520	19,520
Designated by board:			
Road repairs	300,000		300,000
Economic development	100,000		100,000
Unreserved	<u>204,510</u>	<u>14,145</u>	<u>218,655</u>
Total Fund Equity	<u>\$ 606,063</u>	<u>\$ 33,665</u>	<u>\$ 639,728</u>
	<u>\$ 617,131</u>	<u>\$ 33,665</u>	<u>\$ 650,796</u>

The accompanying notes are an integral part of the financial statements

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 WITH THE STATEMENT OF NET ASSETS  
 TOWNSHIP OF WAKEFIELD, MICHIGAN  
 March 31, 2010

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Total fund equity of governmental activities	\$	639,728
Amounts reported for governmental activities in the statement of net assets are different because:		
Additions:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	\$	655,668
Accumulated depreciation	<u>(513,856)</u>	141,812
Reductions:		
Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds.		
Note payable to Michigan Jobs Commission		<u>(30,750)</u>
Total net assets of governmental activities	\$	<u>750,790</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2010

	General	Special Revenue	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 154,388		\$ 154,388
Licenses and permits	2,535		2,535
Federal grants	13,792		13,792
State grants	23,972		23,972
Charges for services	3,306		3,306
Interest and rents	7,867	\$ 349	8,216
Other revenues	<u>185</u>	<u>15,500</u>	<u>15,685</u>
<b>TOTAL REVENUES</b>	<b>\$ 206,045</b>	<b>\$ 15,849</b>	<b>\$ 221,894</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Legislative	\$ 12,652		\$ 12,652
General government	90,041		90,041
Public safety	7,825		7,825
Community and economic development	4,050	\$ 25,888	29,938
Public works	99,459		99,459
Parks and recreation	3,905		3,905
Other	10,266		10,266
Capital outlay	1,375	4,375	5,750
Debt service - Principal		<u>3,000</u>	<u>3,000</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 229,573</b>	<b>\$ 33,263</b>	<b>\$ 262,836</b>
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (23,528)</b>	<b>\$ (17,414)</b>	<b>\$ (40,942)</b>
<b>OTHER FINANCING SOURCE - operating transfer in</b>			
	<u>12,721</u>		<u>12,721</u>
<b>(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES</b>	<b>\$ (10,807)</b>	<b>\$ (17,414)</b>	<b>\$ (28,221)</b>
Fund balance at April 1, 2009	<u>616,870</u>	<u>51,079</u>	<u>667,949</u>
<b>FUND BALANCE AT MARCH 31, 2010</b>	<b><u>\$ 606,063</u></b>	<b><u>\$ 33,665</u></b>	<b><u>\$ 639,728</u></b>

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2010

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Total net change in fund balances - governmental funds \$ (28,221)

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

Capital outlays to purchase or construct capital assets are reported as expenditures in governmental funds. For governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	\$ 5,750	
Depreciation expense	<u>(2,019)</u>	3,731

Repayment of loan principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not effect the statement of activities.

3,000

Change in net assets of governmental activities

\$ (21,490)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
 PROPRIETARY FUND - GARBAGE FUND  
 TOWNSHIP OF WAKEFIELD, MICHIGAN  
 Year ended March 31, 2010

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Operating revenue - charges for services - garbage collection		\$	12,580
Nonoperating revenue - interest earned			<u>1</u>
	INCOME BEFORE OPERATING TRANSFERS	\$	12,581
Operating transfers to General Fund			<u>(12,721)</u>
	CHANGE IN NET ASSETS	\$	(140)
Net assets at April 1, 2009			<u>140</u>
	NET ASSETS AT MARCH 31, 2010	\$	<u><u>0</u></u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND -  
GARBAGE FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2010

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Cash flows from operating activities - cash received from customers		\$	12,580
Cash flows from noncapital financing activities - operating transfers to other fund			(12,721)
Cash flows from investing activities - interest earned			<u>1</u>
	NET INCREASE IN CASH	\$	(140)
Cash at April 1, 2009			<u>140</u>
	CASH AT MARCH 31, 2010	\$	<u>0</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income		\$	<u>12,580</u>
	NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u>12,580</u>

The accompanying notes are an integral part of the  
financial statements.

COMBINED STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2010

	Trust and Agency Fund	Tax Collection Fund	Totals
<b>ASSETS</b>			
Cash	<u>\$ 501</u>	<u>\$ 60,420</u>	<u>\$ 60,921</u>
<b>LIABILITIES</b>			
Liabilities:			
Due General Fund		\$ 5,076	\$ 5,076
Due Federal government	\$ 41		41
Due State of Michigan	460	37,204	37,664
Due Gogebic County		16,054	16,054
Due to schools		<u>2,086</u>	<u>2,086</u>
	<u>\$ 501</u>	<u>\$ 60,420</u>	<u>\$ 60,921</u>

The accompanying notes are an integral part of the financial statements

NOTES  
TO  
FINANCIAL  
STATEMENTS

## NOTES TO FINANCIAL STATEMENTS

### TOWNSHIP OF WAKEFIELD, MICHIGAN

March 31, 2010

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Township of Wakefield operates under an elected Board of Trustees. The financial statements of the Township have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the Township's accounting policies are described below.

##### Financial Reporting Entity

In conformity with generally accepted accounting principles, other autonomously operated governmental organizations are not considered to be part of the Township financial-reporting entity. The criteria established for determining the various governmental organizations to be included as component units in the Township's financial statements include oversight responsibility, scope of public service and special financing relationships.

On this basis, the financial statements of the local school district are not included as a component unit in the financial statements of the Township. Educational services are provided to citizens through the local school district, which is a separate governmental entity.

##### Basis of Presentation

###### Government-wide Financial Statements

The Township government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all of the activities of the Township except for the fiduciary activities. The Township General Fund and Special Revenue Fund are considered to be governmental activities and its enterprise fund a business-type activity. Interfund activity including operating transfers between activities has been eliminated in the Government-wide financial statements, except for operating transfers between governmental activities and business-type activities.

###### Fund-based Financial Statements

Separate financial statements are provided on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental, business-type and fiduciary funds are provided. The various fund types are grouped in the financial statements as major funds or nonmajor funds. The Township reports the General Fund, Special Revenue Fund and Garbage Fund as major funds and has no non-major funds.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

#### Fund-based Financial Statements (Continued)

##### Governmental Fund Types

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state and federal grants and various local sources.

Special Revenue Fund - is used by the Township to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Township has one special revenue fund which is used to account for financial resources from the lease and sale of a building the Township constructed with grant and local funding located in a renaissance zone of the Township as established by the State of Michigan.

##### Proprietary Fund Type

These funds account for operations that are organized to be self-supporting through user charges and include the Garbage Fund. The Township uses the fund for billing and collection of a garbage collection fee. The garbage collection fee is transferred to the General Fund.

##### Fiduciary Fund Type

Agency Funds - are used to account for assets held by the Township in a trustee capacity or as an agent for other governments and/or other funds. These include the Trust and Agency and Tax Collection funds. These funds are custodial in nature and do not involve measurement of results of operations.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Accounting

##### Government-wide Financial Statements

The Government-wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The Statement of Activities reports net cost information based on the Township's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the Township provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes, nonrestricted state and federal aid and other revenues that are not program revenues are reported as general revenues.

##### Fund-based Financial Statements

Governmental fund types and Agency Funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when all applicable eligibility requirements are met and resources are available (often referred to as "susceptible to accrual"). Revenues are available when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The Township considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Grants, entitlements and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when all applicable eligibility requirements of the grants are met and resources are available. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due.

Proprietary fund types use the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises; revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus, the Township applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Budgets and the Budgetary Process

The Township Board adopts an annual operating budget, which can be amended by the Board throughout the year. Formal budgetary accounting is employed as a management control for all funds of the Township. Legal budgets are adopted for the General Fund and Special Revenue Fund. The budgets are adopted on the same basis of accounting as is used to reflect actual revenues and expenditures.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the Township Board, budgetary transfers between departments can be made. The budgeted financial statements represented in this report reflect the final budget authorization and all budget amendments approved by the Board during the year. Budgets are adopted on the functional level and lapse at the end of the year.

#### Investments

Investments include certificates of deposit in local financial institutions with maturity dates greater than 90 days and are stated at fair market value, which is equal to cost.

#### Receivables

Credit is extended to the State of Michigan, local governmental units and customers of the Garbage Fund. All receivables are reported at their gross values. No allowance for uncollectible accounts is included in the financial statements as all receivables are deemed to be collectible at March 31, 2010.

#### Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

#### Investment in Capital Assets, Net of Related Debt

This is a portion of net assets of the Township that consists of capital assets, net of accumulated depreciation and reduced by long-term liabilities for notes, bonds and other debt attributable to the acquisition, construction or improvement of those assets.

#### Restricted Net Assets

Net assets are restricted when there are constraints placed on their use by external parties or by statute.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted Net Assets

Net assets not meeting either criteria above are considered unrestricted.

Capital Assets and Depreciation

Capital assets include land and improvements, buildings, furniture and fixtures and equipment and are reported in the Government-wide financial statements. Capital assets are defined by the Township as assets with an acquisition cost of generally more than \$5,000 or betterments totaling \$10,000 with an estimated useful life in excess of five years. Assets meeting this criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets are not included in capital assets. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense. The expense is recorded on the Government-wide Statement of Activities and included as a direct expense of an identifiable function if the assets sole purpose can be identified as being for that function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function.

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

Land	Not depreciated
Buildings and improvements	30-50 years
Office furniture, fixtures and equipment	5-20 years

Long-Term Liabilities

The Township reports the financing proceeds of infrastructure improvements as provided by the Community Development Block Grant program through the State of Michigan in the government-wide financial statements as liabilities of the governmental activities.

Fund Equity

The unreserved fund equity for governmental funds represent the amount available for budgeting future operations. The reserved fund equity for governmental funds represents amounts reserved for specific purposes. The designated fund equity for governmental funds represents amounts designated for specific purposes by the Township Board.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property Tax Revenues

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 of the ensuing year with the final collection date of February 28 before they are added to the delinquent rolls. The Township records property taxes as revenue as collections are made; when monies are available for use to finance Township operations. Delinquent real property taxes of the Township and all other local units are purchased annually by the County.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

Subsequent events have been evaluated through the date of the audit report, the date the financial statements were available to be issued.

### NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Public Act 621 of 1978 Disclosures

Public Act 621 of 1978 requires local units of government to prepare and to monitor their fiscal year budgets in accordance therewith. The Act provides that a Township must amend its budget if it becomes apparent that the Township's actual revenues will deviate from those budgeted, or if the Township's expenditures will exceed the amounts appropriated. During the year ended March 31, 2010, the Township was in substantial compliance with the Act.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE C – CASH AND INVESTMENTS

All deposits were made either in banks insured by federal depository insurance or in a local credit union insured by the national credit union administration. Deposits were made in accordance with State of Michigan statutes and under authorization of the Township Board.

At March 31, 2010, total cash and investments as reported by banks and credit union amounted to \$692,461, and no amount exceeded coverage limits.

NOTE D – PROPERTY TAXES

A summary of the 2009 tax roll follows:

	<u>Mills</u>	<u>Levy</u>	<u>Taxes Returned Delinquent</u>	<u>Net Tax Collections</u>
Intermediate School District	3.2624	\$ 87,700	\$ 3,060	\$ 84,640
County	11.2678	304,837	12,150	292,687
State Education Tax	6.0000	113,834	5,628	108,206
School	19.7852	296,833	11,304	285,529
Township	<u>4.6300</u>	<u>124,466</u>	<u>5,941</u>	<u>118,525</u>
TOTALS	<u>44.9454</u>	<u>\$ 927,670</u>	<u>\$ 38,083</u>	<u>\$ 889,587</u>
Taxable valuation:				
Homestead				\$ 14,318,841
Non-homestead and Renaissance zone				<u>13,960,909</u>
				<u>\$ 28,279,750</u>

Costs incurred for administrative costs in assessing and collecting property taxes exceeded receipts from charging the property tax administrative fee.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E – CAPITAL ASSETS

Following is a summary of changes in capital assets during the year ended March 31, 2010:

	Balance at April 1, <u>2009</u>	<u>Additions</u>	<u>Disposals</u>	Balance at March 31, <u>2010</u>
<u>Governmental Activities</u>				
Assets:				
Land	\$ 77,456	\$ 3,000		\$ 80,456
Buildings and improvements	543,230			543,230
Office furniture, fixtures and equipment	<u>29,232</u>	<u>2,750</u>		<u>31,982</u>
	\$ 649,918	\$ 5,750		\$ 655,668
Less accumulated depreciation	<u>511,837</u>	<u>2,019</u>		<u>513,856</u>
TOTAL GOVERNMENT	<u>\$ 138,081</u>	<u>\$ 3,731</u>	<u>\$ 0</u>	<u>\$ 141,812</u>

Depreciation expense of \$2,019 is unallocated.

NOTE F – LONG-TERM LIABILITIES

The loan from Michigan Job Commission, Community Development Block Grant (CDBG) funds, dated June 1998 for infrastructure improvements and building in a Renaissance Zone Industrial Park, bears an interest rate of zero percent and requires quarterly payments of \$750 beginning on September 1, 2005. The loan period is 15 years with final payment scheduled for June 1, 2020. Four payments totaling \$3,000 were paid as required during the year ended March 31, 2010. All future principal payments will be made by the General Fund or Special Revenue Fund. The Township commitment under this loan is further explained in Note L to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE F – LONG-TERM LIABILITIES (CONTINUED)

Following is a summary of changes in long-term liabilities during the year ended March 31, 2010:

	<u>Balance at</u> <u>April 1, 2009</u>	<u>Reductions</u>	<u>Balance at</u> <u>March 31, 2010</u>	<u>Current</u> <u>Portion</u>
Loans from Michigan Jobs Commission	\$ 33,750	\$ 3,000	\$ 30,750	\$ 3,000

The aggregate amounts of long-term debt principal and interest maturities for the five years ending March 31, 2015, and in five-year increments after until maturity are:

2011	\$ 3,000
2012	3,000
2013	3,000
2014	3,000
2015	3,000
2016-2020	15,000
2021-2022	750

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE G – INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The amounts of interfund receivables and payables at March 31, 2010, were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ <u>5,076</u>	Tax Collection	\$ <u>5,076</u>

The Garbage Fund transferred \$12,721 of garbage collection fees to the General Fund during the year ended March 31, 2010.

NOTE H – FUND BALANCE RESERVES AND DESIGNATIONS

The General Fund, fund balance at March 31, 2010, included a reserve for prepaid expenses of \$1,553. The Special Revenue Fund, fund balance at March 31, 2010, included a reserve for economic development of \$19,520 from the sales proceeds of land donated to the Township by another governmental unit.

The Board has designated \$300,000 for road repairs and \$100,000 for economic development of the General Fund, fund balance.

NOTE I – STATE CONSTRUCTION CODE ACT INFORMATION

During the year ended March 31, 2010, the Township collected construction code service fees of \$2,535 and spent over this amount collected for enforcing the code. Because the fee structure is not intended to recover the full cost of enforcement and the Township has the ability to track the full costs and revenues, a separate fund has not been created to account for these monies.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE J – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township has one enterprise fund which bills and collects a garbage fee of the Township's residential customers. Segment information not reported on in the financial statements for the year ended March 31, 2010, follows:

		<u>Water Supply</u>
Restricted donations and operating grants	\$	0
Operating transfers in		0
Operating transfers (out)		(12,721)
Tax revenues		0
Current capital contributions		0
Utility plant:		
Additions		0
Deletions		0
Net working capital		0
Long-term debt - payable from operating revenues (including portion payable within one year)		0

NOTE K – RISK MANAGEMENT

The Township is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies. The Township has comprehensive general liability coverage of \$1,000,000 per occurrence and a \$2,000,000 aggregate limit, with no deductible amount.

All risk management activities are accounted for in the General Fund of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the Township as of March 31, 2010, will not materially affect the financial condition of the Township. Therefore, the financial statements contain no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE L – COMMITMENTS

#### 1998 Agreement

On June 1, 1998, the Township and Gogebic County entered into a \$450,000 economic development financing agreement (the agreement) with the State of Michigan. The agreement provided 50 percent of the monies needed to develop property (the project) in a State designated Renaissance Zone in the Township. The agreement was initially funded with a \$450,000 Community Development Block Grant administered by the Michigan Jobs Commission. The remaining 50 percent was provided by the Lac Vieux Desert Band of Chippewa Indians.

The State offset monies it advanced under the agreement via application of a formula that provided for a \$20,000 reduction for each qualifying new job created, subject to a minimum repayment of 10% of the total financing agreement, or \$45,000. The \$45,000 became a liability of both the Township and Gogebic County on May 31, 2005. See Note F for detail of the repayment terms. The Township and Gogebic County have each pledged all payments they are eligible to receive under 1971 PA 140 as collateral for the loan. The Township has committed to reimbursing the County for any County liability incurred.

#### Gogebic Range Solid Waste Management Authority

The Township has entered into a contract with the Gogebic Range Solid Waste Management Authority and the City of Wakefield, whereby the Township has agreed to pay 4.3% of the principal and interest due on any debt outstanding of the Authority.

The Authority has applied for and was approved for a loan amount of \$476,000 through USDA-RDA. The loan proceeds will be used to retire the outstanding debt plus fund facility and equipment improvements. The Township has pledged its limited tax full faith and credit for prompt and timely payment of its share of obligation outstanding (not less than 4.3% nor more than 4.6%).

It is anticipated that the Authority will establish rates to meet their current and future operation and debt retirement expenditures. The Township has not participated in the past ten years in meeting the Authority obligations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE M – FRANCHISE AGREEMENT

On May 10, 2007, the Township Board granted a franchise, for the sum of \$1, of the water utility system to the Gogebic Range Water Authority, effective July 1, 2007. The franchise gives the Gogebic Range Water Authority the rights to construct, operate and maintain a water supply and distribution system within the Township. The initial term of the franchise is 30 years with the option to renew for additional ten-year periods. The Township transferred all assets of the water system to the Gogebic Range Water Authority during the year ended March 31, 2008.

NOTE N – RELATED PARTY TRANSACTIONS

A Board member received \$935 for lawn care services during the year ended March 31, 2010. No amounts are due to the Board member at March 31, 2010 related to these services.

REQUIRED  
SUPPLEMENTAL  
INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2010

	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$ 151,464	\$ 151,464	\$ 154,388
Licenses and permits	1,500	1,500	2,535
Federal grants	5,698	5,698	13,792
State grants	26,820	26,820	23,972
Charges for services	3,500	3,500	3,306
Interest and rents	12,500	12,500	7,867
Other revenues	<u>650</u>	<u>650</u>	<u>185</u>
<b>TOTAL REVENUES</b>	<b>\$ 202,132</b>	<b>\$ 202,132</b>	<b>\$ 206,045</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Legislative	\$ 16,000	\$ 16,000	\$ 12,652
General government	91,732	93,232	90,041
Public safety	7,825	7,825	7,825
Community and economic development	8,870	8,870	4,050
Public works	115,410	115,410	99,459
Parks and recreation	3,905	3,905	3,905
Other functions	12,940	12,940	10,266
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>1,375</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>258,682</u></b>	<b>\$ <u>260,182</u></b>	<b>\$ <u>229,573</u></b>
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (56,550)</b>	<b>\$ (58,050)</b>	<b>\$ (23,528)</b>
<b>OTHER FINANCING SOURCE - operating transfer in</b>	<b><u>12,384</u></b>	<b><u>12,384</u></b>	<b><u>12,721</u></b>
<b>(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES</b>	<b>\$ (44,166)</b>	<b>\$ (45,666)</b>	<b>\$ (10,807)</b>
<b>Fund balance at April 1, 2009</b>	<b><u>616,870</u></b>	<b><u>616,870</u></b>	<b><u>616,870</u></b>
<b>FUND BALANCE AT MARCH 31, 2010</b>	<b><u><u>572,704</u></u></b>	<b><u><u>571,204</u></u></b>	<b><u><u>606,063</u></u></b>

The accompanying notes are an integral part of the financial statements.

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2010

	Original Budget	Final Budget	Actual
Revenues:			
Interest and rents	\$ 550	\$ 550	\$ 349
Other revenues	<u>20,000</u>	<u>7,500</u>	<u>15,500</u>
TOTAL REVENUES	\$ 20,550	\$ 8,050	\$ 15,849
Expenditures:			
Current - economic development	\$ 5,900	\$ 27,050	\$ 25,888
Capital outlay			4,375
Debt service - principal	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
TOTAL EXPENDITURES	\$ <u>8,900</u>	\$ <u>30,050</u>	\$ <u>33,263</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 11,650	\$ (22,000)	\$ (17,414)
Fund balance at April 1, 2009	<u>51,079</u>	<u>51,079</u>	<u>51,079</u>
FUND BALANCE AT MARCH 31, 2010	\$ <u><u>62,729</u></u>	\$ <u><u>29,079</u></u>	\$ <u><u>33,665</u></u>

The accompanying notes are an integral part of the financial statements.

OTHER  
FINANCIAL  
INFORMATION

STATEMENT OF REVENUES - ESTIMATED AND ACTUAL - GENERAL FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2010

	Estimated Revenue	Actual Revenue	Variance Favorable (Unfavorable)
Taxes:			
Current property taxes	\$ 118,345	\$ 124,466	\$ 6,121
Delinquent property taxes	1,000	156	(844)
Payment in lieu of tax	10,000	8,759	(1,241)
Commercial forest reserve	9,119	9,304	185
Swamp tax	2,000	1,836	(164)
Property tax administrative fee	<u>11,000</u>	<u>9,867</u>	<u>(1,133)</u>
	\$ 151,464	\$ 154,388	\$ 2,924
Licenses and permits	1,500	2,535	1,035
Federal grant - National Forest	5,698	13,792	8,094
State grants:			
State revenue sharing	\$ 25,189	\$ 22,318	\$ (2,871)
Metro Authority - P.A. 48 of 2002	<u>1,631</u>	<u>1,654</u>	<u>23</u>
	\$ 26,820	\$ 23,972	\$ (2,848)
Charges for services - summer tax collection	3,500	3,306	(194)
Interest and rents - interest earned	12,500	7,867	(4,633)
Miscellaneous revenues	<u>650</u>	<u>185</u>	<u>(465)</u>
<b>TOTAL REVENUES</b>	<u>\$ 202,132</u>	<u>\$ 206,045</u>	<u>\$ 3,913</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET - GENERAL FUND

TOWNSHIP OF WAKEFIELD, MICHIGAN

Year ended March 31, 2010

	Expenditures		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>LEGISLATIVE</b>			
Township Board:			
Salaries	\$ 4,600	\$ 4,600	
Per diem	3,300	2,675	\$ 625
Office supplies	1,000	628	372
Auto expense	550	610	(60)
Printing and publications	350	715	(365)
Miscellaneous	400	41	359
Dues and memberships	1,000	723	277
Education	400		400
Assessments	2,400	2,000	400
Contributions	<u>2,000</u>	<u>660</u>	<u>1,340</u>
<b>TOTAL LEGISLATIVE</b>	<b>\$ 16,000</b>	<b>\$ 12,652</b>	<b>\$ 3,348</b>
<b>GENERAL GOVERNMENT</b>			
Supervisor:			
Salary	\$ 12,710	\$ 12,709	\$ 1
Per diem	755	685	70
Office supplies	200	663	(463)
Auto expense	500	109	391
Education	100		100
Miscellaneous	<u>100</u>	<u>78</u>	<u>22</u>
	\$ 14,365	\$ 14,244	\$ 121
Election:			
Salaries	\$ 1,058	\$ 312	\$ 746
Office supplies	575	12	563
Auto expense	75	15	60
Printing and publications	250		250
Miscellaneous	<u>250</u>	<u>95</u>	<u>155</u>
	\$ 2,208	\$ 434	\$ 1,774
Attorney - contracted services	3,500	4,424	(924)
Assessor:			
Office supplies	\$ 450	\$ 237	\$ 213
Contracted services	8,724	9,386	(662)
Education	<u>2,500</u>	<u>2,500</u>	
	\$ 11,674	\$ 12,123	\$ (449)

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

	<u>Expenditures</u>		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>GENERAL GOVERNMENT (CONTINUED)</b>			
Clerk:			
Salary	\$ 12,710	\$ 12,709	\$ 1
Per diem	1,800	1,135	665
Deputy salary	529	536	(7)
Office supplies	1,000	779	221
Professional fees	5,500	3,200	2,300
Auto expense	400	420	(20)
Education	1,700	1,621	79
Miscellaneous	<u>          </u>	<u>      71</u>	<u>      (71)</u>
	\$ 23,639	\$ 20,471	\$ 3,168
Board of review:			
Salaries	\$ 1,481	\$ 1,205	\$ 276
Office supplies	10	95	(85)
Auto expense	50	100	(50)
Education	100	171	(71)
Miscellaneous	<u>      200</u>	<u>      41</u>	<u>      159</u>
	\$ 1,841	\$ 1,612	\$ 229
Treasurer:			
Salaries	\$ 12,710	\$ 12,709	\$ 1
Per diem	700	650	50
Deputy salary	500		500
Office supplies	2,200	2,374	(174)
Auto expense	140	39	101
Printing and publishing	3,000	2,561	439
Education	200	125	75
Tax chargebacks		4,302	(4,302)
Miscellaneous	<u>      250</u>	<u>      50</u>	<u>      200</u>
	\$ 19,700	\$ 22,810	\$ (3,110)
Town hall and property:			
Salaries	\$ 2,300	\$ 2,300	
Per diem	210		\$ 210
Supplies	200	10	190
Auto expense	100	17	83
Heating fuel	1,800	1,142	658
Contracted services	1,000	935	65
Public utilities	3,700	2,754	946
Repairs and maintenance	2,000	1,614	386
Miscellaneous	<u>      175</u>	<u>      331</u>	<u>      (156)</u>
	\$ 11,485	\$ 9,103	\$ 2,382

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

	<u>Expenditures</u>		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>GENERAL GOVERNMENT (CONTINUED)</b>			
Cemetery - contracted services	4,820	4,820	
TOTAL GENERAL GOVERNMENT	\$ 93,232	\$ 90,041	\$ 3,191
<b>PUBLIC SAFETY -</b>			
Fire protection - contracted services	7,825	7,825	
<b>COMMUNITY AND ECONOMIC DEVELOPMENT</b>			
Planning commission:			
Per diem	\$ 1,375	\$ 1,125	\$ 250
Supplies	475		475
Auto expense	50		50
Printing and publishing	500		500
	<u>500</u>		<u>500</u>
	\$ 2,900	\$ 1,125	\$ 1,775
Zoning board:			
Salaries	\$ 2,645	\$ 936	\$ 1,709
Supplies	50	11	39
Contracted services - inspections	2,000	1,097	903
Auto expense	800	507	293
Printing and publishing	100		100
Education	375	374	1
	<u>5,970</u>	<u>2,925</u>	<u>3,045</u>
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	\$ 8,870	\$ 4,050	\$ 4,820

STATEMENT OF EXPENDITURES AND COMPARISON WITH BUDGET -  
GENERAL FUND (CONTINUED)

	<u>Expenditures</u>		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>PUBLIC WORKS</b>			
Highways and streets - construction and maintenance	62,500	46,456	16,044
Street lighting	15,185	14,095	1,090
Solid waste collections:			
Supplies	\$ 3,500	\$ 3,205	\$ 295
Contracted services	<u>34,225</u>	<u>35,703</u>	<u>(1,478)</u>
	<u>\$ 37,725</u>	<u>\$ 38,908</u>	<u>\$ (1,183)</u>
TOTAL PUBLIC WORKS	\$ 115,410	\$ 99,459	\$ 15,951
<b>PARKS AND RECREATION</b>			
Parks - contracted services	\$ 1,505	\$ 1,505	
Library - contracted services	<u>2,400</u>	<u>2,400</u>	
TOTAL PARKS AND RECREATION	\$ 3,905	\$ 3,905	
<b>OTHER FUNCTIONS</b>			
Veterans council	\$ 540	\$ 405	\$ 135
Property and liability insurance	6,000	5,173	827
Payroll taxes	5,500	3,938	1,562
Workers compensation	<u>900</u>	<u>750</u>	<u>150</u>
TOTAL OTHER FUNCTIONS	\$ 12,940	\$ 10,266	\$ 2,674
CAPITAL OUTLAY - town hall and property	<u>2,000</u>	<u>1,375</u>	<u>625</u>
TOTAL EXPENDITURES	<u>\$ 260,182</u>	<u>\$ 229,573</u>	<u>\$ 30,609</u>

The accompanying notes are an integral part of the financial statements.

## STATEMENT OF CHANGES IN ASSETS

TOWNSHIP OF

Year ended

	Trust and Agency			Balance at March 31, 2010
	Balance at April 1, 2009	Additions	Deductions	
ASSETS				
Cash	\$ 469	\$ 15,392	\$ 15,360	\$ 501
LIABILITIES				
Liabilities:				
Due General Fund				
Due Federal government	\$ 19	\$ 13,567	\$ 13,545	\$ 41
Due State of Michigan	450	1,825	1,815	460
Due Gogebic County				
Due to schools				
Due to others				
	<u>\$ 469</u>	<u>\$ 15,392</u>	<u>\$ 15,360</u>	<u>\$ 501</u>

The accompanying notes are an integral part of the financial statements.

AND LIABILITIES - FIDUCIARY FUNDS

WAKEFIELD, MICHIGAN

March 31, 2010

<u>Tax Collection Fund</u>			
Balance at April 1, 2009	Additions	Deductions	Balance at March 31, 2010
<u>\$ 57,118</u>	<u>\$ 1,112,178</u>	<u>\$ 1,108,876</u>	<u>\$ 60,420</u>
\$ 5,076	\$ 206,742	\$ 206,742	\$ 5,076
34,416	37,204	34,416	37,204
15,298	495,544	494,788	16,054
2,328	370,536	370,778	2,086
<u>          </u>	<u>2,152</u>	<u>2,152</u>	<u>          </u>
<u>\$ 57,118</u>	<u>\$ 1,112,178</u>	<u>\$ 1,108,876</u>	<u>\$ 60,420</u>

SUPPLEMENTAL  
REPORTS

**JOKI, MAKELA, POLLACK & AHONEN, P.L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
301 N. SUFFOLK STREET  
IRONWOOD, MICHIGAN 49938-2027

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REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Supervisor and Members of the Board  
Township of Wakefield  
Wakefield, 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 Township of Wakefield as of and for the year ended March 31, 2010, which collectively comprise the Township of Wakefield's basic financial statements and have issued our report thereon dated August 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and with the standards prescribed by the State Treasurer.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Wakefield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Wakefield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Wakefield's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township of Wakefield's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings as item 10-1 that we consider to

be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Wakefield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Township of Wakefield's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit Township of Wakefield's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Joki, Makela, Pollock, Ahonen, PLLC*

Certified Public Accountants

Ironwood, Michigan  
August 18, 2010

SCHEDULE OF FINDINGS

TOWNSHIP OF WAKEFIELD

Year ended March 31, 2010

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SIGNIFICANT DEFICIENCY

(10-1) Ability to Prepare Financial Statements and Related Note Disclosures

Criteria - Local units of government are required to possess the ability to prepare its financial statements and related disclosures in accordance with generally accepted accounting principles.

Condition - Like other local units of government of similar size, limited financial summaries and abbreviated financial statements are made available for the Members of the Board. The Township relies on its auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Members of the Board review and accept the financial statements on behalf of the Township.

Effect - We consider this condition to be a significant deficiency.

Cause - The Township does not have staff familiar enough with accounting standards to be able to draft the Township's financial statements and related footnotes.

Recommendation - The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions.

Management's Response – The Township agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

**JOKI, MAKELA, POLLACK & AHONEN, P.L.L.C.**  
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August 18, 2010

Supervisor and Members of the Board  
Township of Wakefield  
Wakefield, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Wakefield, as of and for the year ended March 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 26, 2010 and our planning meeting held July 2, 2010.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Township of Wakefield, are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Township of Wakefield during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were recording of historical costs of fixed assets, setting of the useful lives of fixed assets, accumulated depreciation to date on the fixed assets and salvage values.

Management's estimate of the useful lives and related depreciation expense is based on historical experience and lives commonly used by local government and the straight-line method of depreciation. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

**JOKI, MAKELA, POLLACK & AHONEN, P.L.L.C.**

Supervisor and Members of the Board

August 18, 2010

Page 2

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The misstatements detected as a result of audit procedures were corrected and a list has been given to the Treasurer.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 18, 2010.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We discussed a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Township of Wakefield's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for use of the Board and management of Township of Wakefield, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Joki, Makela, Pollack & Ahonen, PLLC*

Certified Public Accountants

Township of Wakefield  
**SUMMARY OF AUDIT DIFFERENCES**  
All Funds  
Year Ended March 31, 2010

**Current Year  
Over (Under)  
Revenues and  
Expenditures/Expenses  
and Changes in  
Fund Balance/Equity**

Unadjusted audit differences:

None