

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

|                                                                                                                                                                                                        |                                 |                                                         |                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------------------------------|-----------------|
| Local Unit of Government Type<br><input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |                                 | Local Unit Name<br>Maple River Township                 | County<br>Emmet |
| Fiscal Year End<br>March 31, 2007                                                                                                                                                                      | Opinion Date<br>October 2, 2007 | Date Audit Report Submitted to State<br>October 2, 2007 |                 |

We affirm that:

We are certified public accountants licensed to practice in Michigan

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO **Check each applicable box below.** (See instructions for further detail.)
1.   All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  2.   There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  3.   The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  4.   The local unit has adopted a budget for all required funds.
  5.   A public hearing on the budget was held in accordance with State statute.
  6.   The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  7.   The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  8.   The local unit only holds deposits/investments that comply with statutory requirements.
  9.   The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  10.   There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  11.   The local unit is free of repeated comments from previous years.
  12.   The audit opinion is UNQUALIFIED.
  13.   The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  14.   The board or council approves all invoices prior to payment as required by charter or statute.
  15.   To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| We have enclosed the following:                                |  | Enclosed                                   | Not Required (enter a brief justification) |                              |
|----------------------------------------------------------------|--|--------------------------------------------|--------------------------------------------|------------------------------|
| Financial Statements                                           |  | <input checked="" type="checkbox"/>        |                                            |                              |
| The letter of Comments and Recommendations                     |  | <input type="checkbox"/>                   |                                            |                              |
| Other (Describe)                                               |  | <input type="checkbox"/>                   |                                            |                              |
| Certified Public Accountant (Firm Name)<br>REHMANN ROBSON      |  |                                            | Telephone Number<br>(231) 627-3143         |                              |
| Street Address<br>902 S. HURON STREET, PO BOX 250              |  |                                            | City<br>CHEBOYGAN                          | State<br>MI                  |
|                                                                |  |                                            |                                            | Zip<br>49721                 |
| Authorizing CPA Signature<br><i>Annette Eustice, CPA, CGFM</i> |  | Printed Name<br>ANNETTE EUSTICE, CPA, CGFM |                                            | License Number<br>1101019667 |

**MAPLE RIVER TOWNSHIP  
EMMET COUNTY**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2007**

# MAPLE RIVER TOWNSHIP

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## INDEPENDENT AUDITORS' REPORT

October 2, 2007

Township Board  
Maple River Township  
Brutus, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of *Maple River Township*, (the "Township"), as of and for the year ended March 31, 2007, 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 and the major fund of the Township, as of March 31, 2007, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Rehmann Lobson*

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# MAPLE RIVER TOWNSHIP

## STATEMENT OF NET ASSETS GOVERNMENTAL ACTIVITIES

MARCH 31, 2007

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|                              |                          |
|------------------------------|--------------------------|
| <b>Assets</b>                |                          |
| Cash and cash equivalents    | \$ 146,490               |
| Investments                  | 292,418                  |
| Accounts receivable          | 40,620                   |
| Capital assets               | <u>129,257</u>           |
| <b>Total assets</b>          | <b>608,785</b>           |
| <b>Net assets</b>            |                          |
| Investment in capital assets | 129,257                  |
| Unrestricted                 | <u>479,528</u>           |
| <b>Total net assets</b>      | <b><u>\$ 608,785</u></b> |

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

**MAPLE RIVER TOWNSHIP**

**STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES**

**FOR THE YEAR ENDED MARCH 31, 2007**

|                                      | Program Revenues |                         |                                          | Net (Expense)<br>Revenue<br>and Changes in<br>Net Assets |
|--------------------------------------|------------------|-------------------------|------------------------------------------|----------------------------------------------------------|
|                                      | Expenses         | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                               |
|                                      |                  |                         |                                          |                                                          |
| <b>Governmental activities</b>       |                  |                         |                                          |                                                          |
| Legislative                          | \$ 9,026         | \$ -                    | \$ -                                     | \$ (9,026)                                               |
| General government                   | 46,274           | 13,069                  | 72,245                                   | 39,040                                                   |
| Public works                         | 8,682            | -                       | -                                        | (8,682)                                                  |
| Public safety                        | 20,096           | -                       | -                                        | (20,096)                                                 |
| Other                                | 2,032            | 2,855                   | -                                        | 823                                                      |
| Unallocated depreciation             | 6,376            | -                       | -                                        | (6,376)                                                  |
| <b>Total governmental activities</b> | <b>92,486</b>    | <b>15,924</b>           | <b>72,245</b>                            | <b>(4,317)</b>                                           |
| <b>General revenues</b>              |                  |                         |                                          |                                                          |
| Property taxes                       |                  |                         |                                          | 65,799                                                   |
| Interest earned                      |                  |                         |                                          | 29,615                                                   |
| <b>Total general revenues</b>        |                  |                         |                                          | <b>95,414</b>                                            |
| <b>Change in net assets</b>          |                  |                         |                                          | <b>91,097</b>                                            |
| Net assets, beginning of year        |                  |                         |                                          | 517,688                                                  |
| <b>Net assets, end of year</b>       |                  |                         |                                          | <b>\$ 608,785</b>                                        |

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

## **FUND FINANCIAL STATEMENTS**

# MAPLE RIVER TOWNSHIP

## BALANCE SHEET GOVERNMENTAL FUND - GENERAL FUND

MARCH 31, 2007

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| <b>ASSETS</b>                             |                          |
|-------------------------------------------|--------------------------|
| Cash and cash equivalents                 | \$ 146,490               |
| Investments                               | 292,418                  |
| Due from other governmental units         | 11,861                   |
| Special assessment receivable             | <u>28,759</u>            |
| <b>Total assets</b>                       | <b><u>\$ 479,528</u></b> |
| <b>LIABILITIES</b>                        |                          |
| <b>Deferred revenue</b>                   | <b>\$ 28,759</b>         |
| <b>FUND BALANCE</b>                       |                          |
| <b>Unreserved and undesignated</b>        | <b><u>450,769</u></b>    |
| <b>Total liabilities and fund balance</b> | <b><u>\$ 479,528</u></b> |

A reconciliation of fund balances on the balance sheet for governmental activities to the statement of net assets is as follows:

|                                    |                   |
|------------------------------------|-------------------|
| <b>Fund balance - General Fund</b> | <b>\$ 450,769</b> |
|------------------------------------|-------------------|

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the General Fund.

|                                     |          |
|-------------------------------------|----------|
| Add - capital assets                | 205,498  |
| Subtract - accumulated depreciation | (76,241) |

Certain assets, such as special assessments receivable, are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.

|                                                          |                          |
|----------------------------------------------------------|--------------------------|
| Add - deferred revenue on special assessments receivable | <u>28,759</u>            |
| <b>Net assets of governmental activities</b>             | <b><u>\$ 608,785</u></b> |

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

# MAPLE RIVER TOWNSHIP

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2007

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|                                                |                   |
|------------------------------------------------|-------------------|
| <b>Revenues</b>                                |                   |
| Taxes                                          | \$ 65,799         |
| Special assessment                             | 5,037             |
| State revenues                                 | 72,245            |
| Charges for services                           | 13,069            |
| Interest and penalties                         | 29,615            |
| Miscellaneous revenues                         | 2,855             |
|                                                | <hr/>             |
| <b>Total revenues</b>                          | <b>188,620</b>    |
|                                                | <hr/>             |
| <b>Expenditures</b>                            |                   |
| Legislative                                    | 9,026             |
| General government                             |                   |
| Supervisor                                     | 6,730             |
| Elections                                      | 2,461             |
| Assessor                                       | 14,231            |
| Clerk                                          | 6,854             |
| Board of Review                                | 953               |
| Treasurer                                      | 11,928            |
| Cemetery                                       | 716               |
| Township Hall                                  | 2,401             |
| Public works - highways and streets            | 8,682             |
| Public safety - fire protection                | 20,096            |
| Other functions - insurance and other benefits | 2,032             |
| Capital outlay                                 | 5,991             |
|                                                | <hr/>             |
| <b>Total expenditures</b>                      | <b>92,101</b>     |
|                                                | <hr/>             |
| <b>Net change in fund balance</b>              | <b>96,519</b>     |
|                                                |                   |
| Fund balance, beginning of year                | 354,250           |
|                                                | <hr/>             |
| <b>Fund balance, end of year</b>               | <b>\$ 450,769</b> |
|                                                | <hr/>             |

Continued...

# MAPLE RIVER TOWNSHIP

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2007

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### Reconciliation of statement of revenues, expenditures and changes in fund balances of governmental funds to statement of activities

**Net change in fund balance - General Fund** **\$ 96,519**

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

Governmental funds report capital outlays as expenditures. However, in the statement of  
activities, the cost of those assets is allocated over their estimated useful lives and reported  
as depreciation expense.

|                                                      |         |
|------------------------------------------------------|---------|
| Add - capital outlay capitalized during current year | 5,991   |
| Subtract - depreciation expense                      | (6,376) |

Special assessments receivable are long-term in nature and are collectable over several  
years. However, only the current receipts are reflected as revenues on the fund statements.

|                                      |                |
|--------------------------------------|----------------|
| Deduct - special assessment receipts | <u>(5,037)</u> |
|--------------------------------------|----------------|

**Change in net assets of governmental activities** **\$ 91,097**

Concluded

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

## MAPLE RIVER TOWNSHIP

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

FOR THE YEAR ENDED MARCH 31, 2007

|                                                   | <b>Original<br/>Budget</b> | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>     | <b>Variance With<br/>Final Amended<br/>Budget<br/>Positive<br/>(Negative)</b> |
|---------------------------------------------------|----------------------------|-------------------------------------|-------------------|-------------------------------------------------------------------------------|
| <b>Revenues</b>                                   |                            |                                     |                   |                                                                               |
| Taxes                                             | \$ 61,325                  | \$ 61,325                           | \$ 65,799         | \$ 4,474                                                                      |
| Special assessment                                | 3,669                      | 3,669                               | 5,037             | 1,368                                                                         |
| State revenues                                    | 65,000                     | 65,000                              | 72,245            | 7,245                                                                         |
| Charges for services                              | 12,450                     | 12,450                              | 13,069            | 619                                                                           |
| Interest                                          | 14,000                     | 14,000                              | 29,615            | 15,615                                                                        |
| Miscellaneous revenues                            | 1,130                      | 1,130                               | 2,855             | 1,725                                                                         |
| <b>Total revenues</b>                             | <b>157,574</b>             | <b>157,574</b>                      | <b>188,620</b>    | <b>31,046</b>                                                                 |
| <b>Expenditures</b>                               |                            |                                     |                   |                                                                               |
| Legislative                                       | 11,890                     | 11,890                              | 9,026             | 2,864                                                                         |
| General government                                |                            |                                     |                   |                                                                               |
| Supervisor                                        | 6,920                      | 6,920                               | 6,730             | 190                                                                           |
| Elections                                         | 2,750                      | 2,750                               | 2,461             | 289                                                                           |
| Assessor                                          | 14,250                     | 14,250                              | 14,231            | 19                                                                            |
| Clerk                                             | 7,130                      | 7,130                               | 6,854             | 276                                                                           |
| Board of Review                                   | 1,420                      | 1,420                               | 953               | 467                                                                           |
| Treasurer                                         | 12,641                     | 12,641                              | 11,928            | 713                                                                           |
| Cemetery                                          | 920                        | 920                                 | 716               | 204                                                                           |
| Township Hall                                     | 9,050                      | 9,050                               | 2,401             | 6,649                                                                         |
| Other                                             | 4,100                      | 4,700                               | -                 | 4,700                                                                         |
| Public works - highways and streets               | 266,450                    | 266,450                             | 8,682             | 257,768                                                                       |
| Public safety - fire protection                   | 20,200                     | 20,200                              | 20,096            | 104                                                                           |
| Other functions - insurance<br>and other benefits | 3,700                      | 3,700                               | 2,032             | 1,668                                                                         |
| Capital outlay                                    | 20,200                     | 20,200                              | 5,991             | 14,209                                                                        |
| <b>Total expenditures</b>                         | <b>381,621</b>             | <b>382,221</b>                      | <b>92,101</b>     | <b>290,120</b>                                                                |
| <b>Net change in fund balance</b>                 | <b>(224,047)</b>           | <b>(224,647)</b>                    | <b>96,519</b>     | <b>321,166</b>                                                                |
| Fund balance, beginning of year                   | 354,250                    | 354,250                             | 354,250           | -                                                                             |
| <b>Fund balance, end of year</b>                  | <b>\$ 130,203</b>          | <b>\$ 129,603</b>                   | <b>\$ 450,769</b> | <b>\$ 321,166</b>                                                             |

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

# MAPLE RIVER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The accounting policies of *Maple River Township* (the “Township”) conform to accounting principles generally accepted in the United State of America as applicable to governmental units.

In accordance with the provisions of the Governmental Accounting Standards Board Statement 14, and the Statement on Michigan Governmental Accounting and Auditing No. 5, certain other governmental organizations are not considered to be part of the Township for financial reporting purposes. The criteria established by GASB for determining the various governmental organizations to be included in the Township’s financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, there are no other governmental organizations’ financial statements included in the financial statements of the Township.

#### B. 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 the non-fiduciary activities of the Township. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Township had no *business-type activities* during the year ended March 31, 2007.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 revenues*.

# MAPLE RIVER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### **C. 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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible 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.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the *General Fund* as a major fund. The *General Fund*, the Township's operating fund, accounts for all financial resources of the Township.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

### **D. Assets, Liabilities and Net Assets or Equity**

#### ***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand and demand deposits.

The Township's investments during the year consisted of certificate of deposits with original maturities of more than three months.

# MAPLE RIVER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### 2. *Receivables and Payables*

All receivables are reported at their gross value.

### 3. *Property Taxes*

Property tax revenues for the year ended March 31, 2007, reflected in the accompanying financial statements include property taxes levied July 1, 2006. These taxes were due by February 14, 2007, and are added to the County tax rolls after February 28, 2007. The Township received 100% payment for the delinquent Township tax by June 2007. Assessed values, as established annually by the Township and subject to acceptance by the County, are equalized by the State at an estimated 50% of the current estimated market value.

Property taxes are recognized in the fiscal year in which they are levied.

### 4. *Capital Assets*

Capital assets, which include land, land improvements, buildings and improvements and furniture and equipment are reported in the governmental activities column in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 assets lives are not capitalized.

Because the Township is considered a phase 3 government for GASB 34 implementation requirements, the Township is not required to report infrastructure retrospectively. Any future infrastructure additions will be capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

|                            | <u>Years</u> |
|----------------------------|--------------|
| Land improvements          | 20           |
| Buildings and improvements | 20-40        |
| Furniture and equipment    | 5            |

# MAPLE RIVER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### 5. *Vacation and sick leave*

The Township has no liability for accumulated vacation or sick leave at March 31, 2007.

### 6. *Pension Plan*

The Township maintains a defined contribution pension plan that is administered by an insurance company. Pension costs are funded annually when they accrue.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

The Township adopts an annual budget for expenditures applicable to the General Fund. The operating budget includes proposed expenditures and the means of financing them and is stated on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

### B. Excess of Expenditures Over Appropriations in Budgetary Funds

P.A. 621 of 1978 as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the General Fund have been shown on the functional basis. The approved budget of the Township's General Fund was adopted at the function level.

## 3. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

*Summary of Deposit and Investment Balances.* Following is a reconciliation of deposit and investment balances as of March 31, 2007:

|                                       |                          |
|---------------------------------------|--------------------------|
| Statement of Net Assets               |                          |
| Cash and cash equivalents             | \$ 146,490               |
| Investments                           | <u>292,418</u>           |
| <b>Total deposits and investments</b> | <b><u>\$ 438,908</u></b> |

# MAPLE RIVER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### **Investment and deposit risk**

*Interest rate risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The City has no investments for which ratings are required.

*Custodial credit risk deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$66,916 of the Township's bank balance of \$438,577 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township is authorized by statute to invest surplus funds in the following:

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940, limited to mutual funds securities whose intention is to maintain a net asset value of \$1.00 per share.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The Township Board is authorized to designate depositories for Township funds, and to determine that the funds are invested in accordance with State of Michigan statutory authority. The Township's deposits are in accordance with statutory authority.

# MAPLE RIVER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

### B. Receivables

The composition of receivables in the governmental activities is as follows as of March 31, 2007:

|                                                                 |           |                      |
|-----------------------------------------------------------------|-----------|----------------------|
| Due from other governmental units                               | \$        | 11,861               |
| Special assessments receivable,<br>due within one year          |           | 4,198                |
| Special assessments receivable,<br>due in greater than one year |           | <u>24,561</u>        |
| <b>Total receivables</b>                                        | <b>\$</b> | <b><u>40,620</u></b> |

### C. Capital assets

Capital assets activity was as follows for the year ended March 31, 2007:

|                                                        | <u>Beginning<br/>Balance</u> | <u>Increases</u>       | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
|--------------------------------------------------------|------------------------------|------------------------|--------------------|---------------------------|
| <b>Governmental activities</b>                         |                              |                        |                    |                           |
| Capital assets not being<br>depreciated – land         | \$ 24,360                    | \$ -                   | \$ -               | \$ 24,360                 |
| <b>Capital assets being depreciated</b>                |                              |                        |                    |                           |
| Land improvements                                      | 13,108                       | -                      | -                  | 13,108                    |
| Buildings and improvements                             | 152,583                      | 5,991                  | -                  | 158,574                   |
| Furniture and equipment                                | <u>9,456</u>                 | <u>-</u>               | <u>-</u>           | <u>9,456</u>              |
| Total capital assets being<br>depreciated              | <u>175,147</u>               | <u>5,991</u>           | <u>-</u>           | <u>181,138</u>            |
| Less accumulated depreciation on                       |                              |                        |                    |                           |
| Land improvements                                      | (1,664)                      | (655)                  | -                  | (2,319)                   |
| Buildings and improvements                             | (58,925)                     | (5,541)                | -                  | (64,466)                  |
| Furniture and equipment                                | <u>(9,276)</u>               | <u>(180)</u>           | <u>-</u>           | <u>(9,456)</u>            |
| Total accumulated depreciation                         | <u>(69,865)</u>              | <u>(6,376)</u>         | <u>-</u>           | <u>(76,241)</u>           |
| Total capital assets being<br>depreciated, net         | <u>105,282</u>               | <u>(385)</u>           | <u>-</u>           | <u>104,897</u>            |
| <b>Governmental activities<br/>capital assets, net</b> | <b><u>\$ 129,642</u></b>     | <b><u>\$ (385)</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 129,257</u></b>  |

Unallocated depreciation expense for the year ended March 31, 2007 was \$6,376.

# MAPLE RIVER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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### **D. Use of Estimates**

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

## **4. OTHER INFORMATION**

### **A. Defined contribution pension plan**

The Township contributes to the Township of Maple River Group Pension Plan (the "Plan"), which is a defined contribution pension plan administered by Municipal Retirement Systems, Inc.

A defined contribution pension plan provides pension benefits in return for services 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 depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

All employees who are 18 years of age and older are eligible to participate in the Plan.

Contributions made by an employee and contributions made by the Township vest upon entering the Plan. An employee who leaves the employ of the Township is entitled to his or her contributions and the Township's contributions if vesting requirements are satisfied, plus interest earned. Employees are required to contribute 5% and the Township 7% of the employee's base salary. The benefit provisions and contribution requirements are established and may be amended by the Township's Board of Trustees.

During the fiscal year ended March 31, 2007, payroll for employees covered under the Plan was \$26,532 and total payroll was \$28,917. The Township's required and actual contributions amounted to \$1,857 and employees made contributions amounting to \$1,327 to the Plan.

# MAPLE RIVER TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

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No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees. The Plan held no securities of the Township or other related parties as of the close of the fiscal year. Assets of the Plan were valued at \$22,458 as of March 31, 2007.

### **B. Risk Management and Litigation**

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 for which it obtains coverage from commercial insurance companies. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

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**SUPPLEMENTARY INFORMATION**

# MAPLE RIVER TOWNSHIP

## DETAILED SCHEDULE OF EXPENDITURES GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2007

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### Legislative

#### Township Board

|                         |          |
|-------------------------|----------|
| Salaries                | \$ 2,900 |
| Insurance               | 5,084    |
| Printing and publishing | 54       |
| Dues and subscriptions  | 737      |
| Miscellaneous           | 251      |

#### Total Legislative

9,026

### General Government

#### Supervisor

|        |              |
|--------|--------------|
| Salary | <u>6,730</u> |
|--------|--------------|

#### Elections

|                |       |
|----------------|-------|
| Salaries       | 2,151 |
| Transportation | 116   |
| Miscellaneous  | 194   |

#### Total Elections

2,461

#### Assessor

|                     |        |
|---------------------|--------|
| Contracted services | 12,831 |
| Office supplies     | 652    |
| Miscellaneous       | 748    |

#### Total Assessor

14,231

#### Clerk

|                 |       |
|-----------------|-------|
| Salary          | 6,730 |
| Office supplies | 103   |
| Miscellaneous   | 21    |

#### Total Clerk

6,854

#### Board of Review

|                         |     |
|-------------------------|-----|
| Salaries                | 630 |
| Printing and publishing | 323 |

#### Total Board of Review

953

Continued...

# MAPLE RIVER TOWNSHIP

## DETAILED SCHEDULE OF EXPENDITURES GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2007

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|                                                 |                  |
|-------------------------------------------------|------------------|
| <b>Treasurer</b>                                |                  |
| Salary                                          | \$ 9,776         |
| Office supplies                                 | 1,261            |
| Printing and publishing                         | 745              |
| Utilities                                       | 6                |
| Miscellaneous                                   | 140              |
|                                                 | <hr/>            |
| <b>Total Treasurer</b>                          | <b>11,928</b>    |
|                                                 | <hr/>            |
| <b>Cemetery</b>                                 |                  |
| Contracted services                             | 716              |
|                                                 | <hr/>            |
| <b>Township Hall</b>                            |                  |
| Contracted services                             | 367              |
| Utilities                                       | 2,034            |
|                                                 | <hr/>            |
| <b>Total Township Hall</b>                      | <b>2,401</b>     |
|                                                 | <hr/>            |
| <b>Total General Government</b>                 | <b>46,274</b>    |
|                                                 | <hr/>            |
| <b>Public Works - Highways and Streets</b>      |                  |
| Contracted services                             | 8,682            |
|                                                 | <hr/>            |
| <b>Public Safety - Fire Protection</b>          |                  |
| Contracted services                             | 20,096           |
|                                                 | <hr/>            |
| <b>Other functions - insurance and benefits</b> |                  |
| Retirement                                      | 1,663            |
| Social Security and Medicare                    | 369              |
|                                                 | <hr/>            |
| <b>Total other functions</b>                    | <b>2,032</b>     |
|                                                 | <hr/>            |
| <b>Capital outlay</b>                           | <b>5,991</b>     |
|                                                 | <hr/>            |
| <b>Total expenditures</b>                       | <b>\$ 92,101</b> |
|                                                 | <hr/> <hr/>      |
|                                                 | Concluded        |