

**Local Redevelopment Authority of
the Charter Township of
Chesterfield, Michigan**

**Financial Report
December 31, 2007**

Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan

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Independent Auditor's Report

To the Board of Trustees
Local Redevelopment Authority of the
Charter Township of Chesterfield, Michigan

We have audited the accompanying basic financial statements of the Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan (a component unit of the Charter Township of Chesterfield, Michigan) as of December 31, 2007 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan as of December 31, 2007 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Plante & Moran, PLLC

June 20, 2008

Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the Local Redevelopment Authority of the Charter Township of Chesterfield Michigan's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the Authority's financial statements.

Using this Annual Report

This annual report consists of two parts: management's discussion and analysis (this section), and the basic financial statements. The basic financial statements are presented on a full accrual basis, which provides both long- and short-term information about the Authority's overall financial status.

Authority as a Whole

The following table shows the net assets of the Authority in a condensed format as of June 30, 2007:

| | 2007 | 2006 |
|------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Cash | \$ 6,782 | \$ - |
| Due from other governmental units | 60,204 | 71,870 |
| Total assets | <u><u>\$ 66,986</u></u> | <u><u>\$ 71,870</u></u> |
| Liabilities | \$ 65,988 | \$ 71,870 |
| Fund Balance | 998 | - |
| Total liabilities and fund balance | <u><u>\$ 66,986</u></u> | <u><u>\$ 71,870</u></u> |

The Authority's primary source of revenue is from federal grants, which fund all cash payments. Revenue increased by \$223,796, while expenses increased by \$222,798 from the prior year due to increased operations. This activity resulted in a fund balance of \$998 at December 31, 2007.

The Authority's net assets, which are all unrestricted, increased \$998 from current year operations.

Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the change in net assets during the year and in the prior year:

| | <u>2007</u> | <u>2006</u> |
|-----------------------------------|----------------------|--------------------|
| Revenues | | |
| Federal grants | \$ 278,767 | \$ 71,870 |
| Contribution revenue | <u>31,438</u> | <u>14,539</u> |
| Total revenues | 310,205 | 86,409 |
| Expenditures | | |
| Salaries and benefits | 31,438 | 14,539 |
| Contractual and legal services | 248,234 | 49,806 |
| Operating expenses: | | |
| Printing and publications | 4,007 | 3,941 |
| Travel, training, and conferences | 17,724 | 12,465 |
| Insurance | 5,200 | 4,800 |
| Other operating | <u>2,604</u> | <u>858</u> |
| Total expenditures | <u>309,207</u> | <u>86,409</u> |
| Change in Net Assets | <u>\$ 998</u> | <u>\$ -</u> |

Authority's Budgetary Highlights

Over the course of the year, the Authority's board of directors amended the budget as necessary. There were no revenue variances. The largest expenditure variances offset each other and include expenditures more than the final budget for the Authority's primary operating expenses due to travel, training, and conferences, which are offset by the variance in printing and publications. Overall, expenditures in total were under budget by \$5,200.

Contacting the Authority's Management

This financial report is intended to provide our residents/constituents with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives from its municipal constituents. If you have questions about this report or need additional information, we welcome you to contact a member of the board of directors.

Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan

Governmental Fund Balance Sheet/Statement of Net Assets December 31, 2007

| | |
|---------------------------------------|-------------------------|
| Assets | |
| Cash | \$ 6,782 |
| Due from other governmental units | <u>60,204</u> |
| Total assets | <u><u>\$ 66,986</u></u> |
| Liabilities - Accounts payable | |
| | \$ 65,988 |
| Fund Balance | |
| | <u>998</u> |
| Total liabilities and fund balance | <u><u>\$ 66,986</u></u> |

Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended December 31, 2007

| | |
|---|----------------------|
| Revenues | |
| Federal grants | \$ 278,767 |
| Contribution revenue | <u>31,438</u> |
| Total revenues | 310,205 |
| Expenditures | |
| Salaries and benefits | 31,438 |
| Contractual and legal services | 248,234 |
| Operating expenses: | |
| Printing and publications | 4,007 |
| Travel, training, and conferences | 17,724 |
| Insurance | 5,200 |
| Other operating | <u>2,604</u> |
| Total expenditures | <u>309,207</u> |
| Excess of Revenues Over Expenditures/ Change in Net Assets | 998 |
| Fund Balance/Net Assets - Beginning of year | <u>-</u> |
| Fund Balance/Net Assets - End of year | <u><u>\$ 998</u></u> |

Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan

Budgetary Comparison Statement Governmental Fund Year Ended December 31, 2007

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------|-------------------|---------------|---|
| Revenues | | | | |
| Federal grants | \$ 278,767 | \$ 278,767 | \$ 278,767 | \$ - |
| Contribution revenue | 31,438 | 31,438 | 31,438 | - |
| Total revenues | 310,205 | 310,205 | 310,205 | - |
| Expenditures | | | | |
| Salaries and benefits | 31,438 | 31,438 | 31,438 | - |
| Contractual and legal services | 249,865 | 249,865 | 248,234 | 1,631 |
| Operating expenses: | | | | |
| Printing and publications | 9,625 | 9,625 | 4,007 | 5,618 |
| Travel, training, and conferences | 15,421 | 15,421 | 17,724 | (2,303) |
| Insurance | 6,058 | 6,058 | 5,200 | 858 |
| Other operating | 2,000 | 2,000 | 2,604 | (604) |
| Total expenditures | 314,407 | 314,407 | 309,207 | 5,200 |
| Excess of Revenues Over (Under) Expenditures | (4,202) | (4,202) | 998 | 5,200 |
| Fund Balance - Beginning of year | - | - | - | - |
| Fund Balance - End of year | \$ (4,202) | \$ (4,202) | \$ 998 | \$ 5,200 |

Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan

Notes to Financial Statements December 31, 2007

Note I - Significant Accounting Policies

The Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan (the LRA) was organized for the purpose of the redevelopment of the Army Garrison - Seville Manor - Housing Unit received by the Charter Township of Chesterfield, Michigan (the "Township"). This purpose is accomplished by the LRA collecting federal grant revenue and budgeting expenditures for land improvements. The LRA's governing body consists of the full-time elected officials of the Township.

The LRA's basic financial statements present combined governmental fund modified accrual financial statements. As of and for the year ended December 31, 2007, no adjustments were necessary to the amounts in the governmental fund in order to arrive at the government-wide full accrual financial statements.

The LRA is a component unit of the Charter Township of Chesterfield, Michigan and is included in the basic financial statements of the Township at December 31, 2007 as a discretely presented component unit.

Basis of Accounting

The accounting policies of the LRA conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. There are no component units required to be included in these financial statements.

The following is a summary of the significant accounting policies:

The government-wide full accrual financial statements (the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally 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.

Local Redevelopment Authority of the Charter Township of Chesterfield, Michigan

Notes to Financial Statements December 31, 2007

Note 1 - Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash held in a checking account.

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

Note 2 - Budget Information

The annual budget is prepared and adopted by the LRA board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2007 has not been calculated. During the year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a line item expenditure basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted by the LRA board is included in the basic financial statements. As of December 31, 2007, there were no significant budget overruns.

Charter Township of Chesterfield, Michigan

Report to the Board of Trustees

December 31, 2007

To the Board of Trustees
Charter Township of Chesterfield

We have recently completed our audit of the basic financial statements of the Charter Township of Chesterfield (the "Township") and the Local Redevelopment Authority (LRA) for the year ended December 31, 2007. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the Township:

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| Informational Legislative Comment | 5-9 |

We are grateful for the opportunity to be of service to the Township. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

June 3, 2008 (Basic Financial Statements)

June 20, 2008 (Local Redevelopment Authority Financial Statements)

Results of the Audit

June 3, 2008 (Basic Financial Statements)

June 20, 2008 (Local Redevelopment Authority Financial Statements)

To the Board of Trustees
Charter Township of Chesterfield

We have audited the financial statements of the Charter Township of Chesterfield (the "Township") and the Local Redevelopment Authority (LRA) for the year ended December 31, 2007 and have issued our reports thereon dated June 3, 2008 and June 20, 2008, respectively. Professional standards require that we provide you with the following information related to our audit.

Overview

As the independent auditors of the Township, we wish to thank the administration and the financial staff for the assistance provided to us during the course of the audit. As an overall comment, we were very pleased with the general condition of the financial books and records. We are aware that the finance department experienced significant restructuring during the past year which added a degree of complication to this year's audit. As little as two years ago, the Township's auditors were responsible for posting in excess of 50-plus journal entries during the audit process. Through advanced preparation and pre-audit discussions, the number of journal entries posted during this year's audit was minimal (less than five). We commend the Township's financial staff for the improvements made in this area and the high degree of cooperation we received during the performance of our audit procedures.

For this year's audit, the American Institute of Certified Public Accountants (AICPA) requires additional specific wording regarding various aspects of the audit to "those charged with governance." Many of the items which follow in this letter are simply a requirement of this new audit standard.

Our Responsibility Under United States Generally Accepted Auditing Standards

As stated in our engagement letter dated March 26, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Charter Township of Chesterfield and the LRA. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of the Charter Township of Chesterfield and the LRA's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the Charter Township of Chesterfield's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated June 3, 2008 regarding our consideration of the Charter Township of Chesterfield and the LRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

We are also obligated to communicate certain matters related to our audit to those responsible for the governance of the Charter Township of Chesterfield and the LRA, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* requires disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. Those disclosures are described in the federal awards audited financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 28, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Chesterfield and the LRA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

To the Board of Trustees
Charter Township of Chesterfield

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 of the possibility that future events affecting them may differ significantly from those expected. We noted no significant estimates in the Township's financial statements.

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 all 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. We noted that there were no uncorrected misstatements in the current year.

Disagreements with Management

For the purpose 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's Representations

We have requested certain representations from management that are included in the management representation letters dated June 3, 2008 (Basic Financial Statements) and June 20, 2008 (Local Redevelopment Authority Financial Statements).

Management's 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 Township'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 the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Board of Trustees
Charter Township of Chesterfield

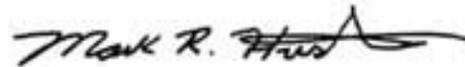
Other Audit Findings or Issues

In the normal course of our professional association with the Township we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Township, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Township's auditors.

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

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Mark R. Hurst" with a stylized flourish at the end.

Mark R. Hurst

Informational/Legislative Comment

To the Board of Trustees
Charter Township of Chesterfield

Informational/Legislative Comments

Treasurer's Report on Investments

A new law was passed in December 2007 for reporting on investments to the board. The treasurer is now required to report on investments at least quarterly. While the law proscribes no minimum information requirements, we feel that the report should include a list of investments with the financial institution each is issued through, the amount, and perhaps the stated interest rate.

Property Tax Revenue

Property taxes have consistently been the Township's largest revenue source. With the continuing downturn in the real estate market, the legislature is picking up some bills that were proposed back in 2007 that they hope will help spur sales. This includes potential legislation that would adjust the mechanics of the general property tax act. The nature of the legislation has ranged from the suspension of the "pop-up" or increase in taxable value that occurs when a property sells or a "super cap" on taxable value that prohibits an increase in taxable value when market values are declining. The outcome of this legislation could also have a significant impact on the Township. We will keep you informed as significant events unfold.

In addition, the Township needs to be aware of the potential financial impact of reduced housing market values. Currently, property tax assessments are being completed for the 2008 tax year and tax rolls will not be finalized until May 2008. However, early indications are that declines in market values (state equalized value) may threaten the inflationary growth in taxable value that communities had been experiencing following the passage of Proposal A. It is important to understand the connection between market value declines and taxable value declines. On the one hand, a reduction in SEV (state equalized value) will not immediately result in an equivalent reduction in TV (taxable value, which is what the tax bills are now based on). The reason for this is that TVs were held down in those years since 1994 when property values increased faster than inflation; now that they are increasing less than inflation (or decreasing). Proposal A allows the TVs to continue increasing at the inflationary rate, up until the point that TV meets SEV. While some properties have already met this ceiling, the majority have not, and for this reason many communities expect 2008 TV in total to increase or decrease only slightly. However, it is important to understand that if the market downturn continues, more and more properties will hit this ceiling where TV meets SEV, and the impact will be more drastic each year we go forward. We caution the Township to keep this in mind as it begins its 2009 budget deliberations.

State-shared Revenue

State-shared revenue continues to be the Township's second largest revenue source. Due to State budget issues, the Township has seen a 15 percent decline over the last five years. The governor's 2009 budget is anticipating another decline in total sales tax collections, which will result in reduced constitutional state-shared revenue. However, the governor is proposing a 4 percent increase in the statutory portion. The resulting total state-shared revenue for the Township would increase slightly, by less than 1 percent. Prior to beginning the 2009 budget cycle, you should check in with us or with the Michigan Townships Association to verify any changes that will take place between now and then. However, the tone in Lansing is more positive than it has been in several years.

Retiree Healthcare Benefits

As you are aware, the Governmental Accounting Standards Board (GASB) has released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, which will be effective for the Township's 2009 calendar year. The pronouncement provides guidance for local units of government in recognizing the cost of retiree healthcare benefits. The intent of the new rules is to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid.

During the current year (in anticipation of these new rules), the Township transferred the funds previously held in a separate trust fund to MERS and provided approximately \$1,116,000 of funding for future expenses. The transfer of the funds to MERS allows the Township the opportunity to invest these dollars in accordance with the Public Employees Retirement Investment Act, which should significantly reduce the long-term burden of funding retiree healthcare costs.

As the implementation date is drawing near, an actuarial study will need to be updated to meet the requirements of GASB No. 45 that the study be performed no earlier than two years prior to the beginning of the year of implementation (no earlier than January 1, 2009 for the Township). An updated actuarial report will also assist the Township in budgeting for future payments and determining to what extent the annual required contributions determined by the actuary will be made.

Overview of the Township's Financial Condition

We noticed a multi-year trend in the Building Fund, the Water and Sewer Fund, and the Fire Operating Fund of expenditures in excess of revenues. Given the state of the economy over the last few years, the Township must be cognizant of the significant depletion of fund balance in each of these funds. During the most recent budget process, the Township board continued its effort to address these issues. We would encourage the board to keep a close eye on the fund balance situation in each one of these funds and monitor the progress during the year. We would be happy to assist the board in any capacity that it deems appropriate in relation to keeping these funds in a positive fund balance position.

Local Redevelopment Authority

During the current year, we noted that the records of the Local Redevelopment Authority (LRA) are being kept on a cash basis. Due to the size and complexity of this entity, it seems appropriate that the books and records are kept in this manner. An entry was made at the end of the year to adjust the books and records from the cash basis of accounting to the full accrual basis of accounting in order to comply with generally accepted auditing principles.

We also noted during the federal awards audit that the LRA does not maintain adequate supporting documentation relating to the reporting requirements and the reimbursement requests submitted to the federal government. We understand the LRA maintains a solid relationship with the government agency and has flexibility and governmental oversight throughout the process of producing these financial reports. It was recommended that the LRA maintains clear supporting documentation of the financial records to be able to substantiate the understanding of the uses and obligations of these federal funds and, as of the date of this report, the administration has already begun implementing these procedures.

Economic Development Corporation

In the current year, we performed the audit of the Economic Development Corporation (EDC). EDC numbers were reported in conjunction with the basic financial statements as a discretely presented component unit to emphasize that it is legally separate from the Township.

Special Assessment Districts

Special assessment districts represent a very common form of financing for select capital improvements by all municipalities. Upon completion of a special assessment project (including the extinguishment of all related debt), municipalities are to perform a final calculation to determine if the amount collected by the district was more than was necessary to fund the related project. If an excess amount was collected, it may be necessary to issue a refund to the current homeowner. Due to the long-term nature of the debt and resident receivables utilized to finance these activities, this final calculation is often performed many years after the completion of the construction phase of the project. Furthermore, the administering community is permitted an appropriate administrative charge to these projects, prior to determining if a resident refund is necessary. As of year end, the Township had a number of special assessment districts which have final debt payments and receivable collections scheduled for the near future. We do not believe that any potential liability resulting from these refunding situations would be significant. However, we recommend that the Township's financial staff continue to perform detailed analysis of these districts to determine if a resident refund is necessary.

To the Board of Trustees
Charter Township of Chesterfield

Accounting Matters

- **Beginning Fund Balance** - We noted that the beginning fund balance for the Police Fund did not agree to ending fund balance in 2006. The difference related to an entry to record retro-wages that was posted in reverse which we identified through performance of our standard audit procedures. We recommend that the Township review fund balance at the beginning of the year to ensure that fund balance matches the Township's financial statements.
- **Duplicate Payment** - During the year, a duplicate payment was erroneously made to a vendor. The vendor was not using an invoice number on the request for payment sent to the Township. The Township's system looks for invoice numbers when checking for duplicate payments. Since this incident has occurred, the Township has put procedures in place with this vendor to ensure that this situation does not occur again.
- **Contributions** - It is our understanding that, during the year, the employee contributions and related employer match related to two payrolls for the defined contribution plan were not remitted timely. This was detected by the Township's staff. Once it was detected, procedures were put in place and responsibilities were reallocated to help ensure that this problem would not reoccur.

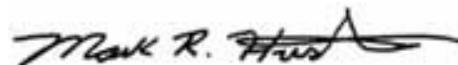
Closing

In addition to the comments and recommendations in this letter, our observations and comments regarding the Township's internal controls, including any significant deficiencies and material weaknesses that we identified, have been reported to you in the 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*. This report is included in the federal awards supplemental information (the single audit report), and we recommend that the matters we have noted there receive your careful consideration.

We would like to thank the Township's board for the opportunity to serve as auditors for the Township. We would also like to express our appreciation for the courtesy and cooperation extended to us by the Township's administration during the audit. If you would like to discuss any of these matters, or would like assistance in their implementation, please contact us.

Very truly yours,

Plante & Moran, PLLC



Mark R. Hurst



Pamela L. Hill