

# 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 <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

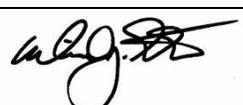
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**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 type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

**Salem Township  
Washtenaw County, Michigan**

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**Financial Report  
with Supplemental Information  
March 31, 2007**

# Salem Township

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## Independent Auditor's Report

To the Board of Trustees  
Salem Township  
Washtenaw County, 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 Salem Township, Washtenaw County, Michigan (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 Salem Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Salem Township as of March 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

To the Board of Trustees  
Salem Township

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

*Plante & Moran, PLLC*

July 11, 2007

# Salem Township

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## Management's Discussion and Analysis

Our discussion and analysis of Salem Township, Michigan's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlight for the year ended March 31, 2007:

- The Township continues to have continued financial improvement due to increased revenues and controlling expenditures that are comparable to the prior fiscal year.

### Using this Annual Report

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

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

# Salem Township

## Management's Discussion and Analysis (Continued)

### Salem Township as a Whole

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and other assets	\$ 6,430	\$ 5,845	\$ 2,038	\$ 2,122	\$ 8,468	\$ 7,967
Capital assets	<u>2,247</u>	<u>2,059</u>	<u>2,461</u>	<u>2,530</u>	<u>4,708</u>	<u>4,589</u>
Total assets	8,677	7,904	4,499	4,652	13,176	12,556
<b>Liabilities</b>						
Current liabilities	6	16	172	167	178	183
Long-term liabilities	<u>13</u>	<u>12</u>	<u>1,850</u>	<u>2,020</u>	<u>1,863</u>	<u>2,032</u>
Total liabilities	<u>19</u>	<u>28</u>	<u>2,022</u>	<u>2,187</u>	<u>2,041</u>	<u>2,215</u>
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	2,247	2,058	935	344	3,182	2,402
Restricted	3	3	-	-	3	3
Unrestricted	<u>6,408</u>	<u>5,815</u>	<u>1,542</u>	<u>2,121</u>	<u>7,950</u>	<u>7,936</u>
Total net assets	<u>\$ 8,658</u>	<u>\$ 7,876</u>	<u>\$ 2,477</u>	<u>\$ 2,465</u>	<u>\$ 11,135</u>	<u>\$ 10,341</u>

The Township's combined net assets increased 7.68 percent from a year ago, increasing from \$10.3 million to \$11.1 million. This was a result of two factors: one, a significant increase in revenue due to monies earned on interest income, and secondly, the further reduction of long-term liabilities with regular payments to the bond program to pay for the sewer plant expansion. Our total liabilities decreased 8 percent over the past year.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations - increased by \$593,000 for the governmental activities. This represents an increase of 10 percent. The current level of unrestricted net assets for our governmental activities stands at \$6.408 million, giving the Township funding reserves that would cover the next three budget years.

# Salem Township

## Management's Discussion and Analysis (Continued)

The following table shows the changes of the net assets during the current year and as compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 192	\$ 172	\$ 90	\$ 106	\$ 282	\$ 278
Capital grants and contributions	23	2	28	71	51	73
General revenue:						
Landfill/Host community fees	1,090	1,080	-	-	1,090	1,080
State-shared revenue	378	380	-	-	378	380
Unrestricted investment earnings	359	164	105	92	464	256
Franchise fees	46	42	-	-	46	42
Miscellaneous	17	31	-	-	17	31
Total revenue	2,105	1,871	223	269	2,328	2,140
<b>Program Expenses</b>						
General government	563	568	-	-	563	568
Public safety	431	385	-	-	431	385
Public works	97	171	-	-	97	171
Community and economic development	230	237	-	-	230	237
Recreation and culture	2	2	-	-	2	2
Water and sewer	-	-	211	208	211	208
Total program expenses	1,323	1,363	211	208	1,534	1,571
<b>Change in Net Assets</b>	<b>\$ 782</b>	<b>\$ 508</b>	<b>\$ 12</b>	<b>\$ 61</b>	<b>\$ 794</b>	<b>\$ 569</b>

### Governmental Activities

Salem Township's total governmental revenues increased over 12 percent this past year substantially due to improved interest rates on our cash reserves. As a result of the Township's healthy financial assets, investment earnings increased approximately \$195,000 this fiscal year.

Although there is ongoing dialogue that projections of state revenue-sharing monies could be impacted by future budget cuts, the Township continues to see steady revenue-sharing from the prior year. Additionally, income from the other main sources that contribute to the Township's revenue remained constant.

# **Salem Township**

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## **Management's Discussion and Analysis (Continued)**

Due to the ongoing favorable improvement in revenue received, the Township was able to allocate funds not originally budgeted toward the purchase of land almost adjoining the current township complex that had come up for sale during the fiscal year. Even with this purchase of \$189,000, the total expenditures for the Township remained constant with the prior year, giving testament to the vigilant monitoring of regular expenses.

### **Business-type Activities**

Salem Township's business-type activities consist of the Sewer Fund. Sewage treatment for the Hamlet is provided through a Salem Township-owned and operated sewage treatment plant. Compared to 2006, the Township had reduced revenue of \$46,000. Charges for services decreased \$16,000 and capital grants and contributions were \$43,000 lower. This was due to a reduction in new tap fee revenue of over 60 percent. In spite of these reduced revenues, the change in net assets for the Sewer Fund had a favorable increase of \$12,000.

### **Salem Township's Funds**

The Salem Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Township's major funds are the General Fund and Sewer Fund. Additionally, the Township has an Agency Fund that handles escrow monies that are administered by the Building Department.

The General Fund pays for most of the Township's governmental services. A majority of the revenue funding comes from landfill/host community fees, gas royalty fees, and state revenue sharing. The most significant expenditures are for the fire department, police services contracted with Washtenaw County, and general government services operations.

### **General Fund Budgetary Highlights**

As a result of another year of surplus funds being generated, the Township's cash resources exceed \$6,000,000. Significant additional revenues from interest earnings, consistent gas royalty fees, and stable state revenue sharing enabled the Township to surpass \$2,000,000 in received revenue for the fiscal year.

With a reliable and consistent income stream, the Township was able to continue allocating funds for necessary road maintenance projects. As a cost savings initiative, the Township implemented a modified grading program of gravel roads with the County Road Commission to reduce expenditures in that account this past year by 50 percent. New applications of dust control, coupled with limestone upgrades on several miles of roads along with berm reconfiguration, are scheduled for the upcoming year.

# **Salem Township**

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## **Management's Discussion and Analysis (Continued)**

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

The primary assets owned by the Township are the wastewater treatment facility, vacant land parcels in the Township, the town hall building, and fire department with vehicles and equipment.

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

For the upcoming year, the Township conservatively estimates expenditures of \$1.650 million including a contingency of almost \$180,000. If the income were to attain \$2,000,000 in the next fiscal year, and the Township maintains the budgeted level of expenditures, a favorable increase of \$350,000 could be anticipated.

The issue of contracting police services with Washtenaw County escalated last year. Salem Township, along with two other townships, did not sign the four-year contract offered by the County. In order to protect the Township law enforcement services provided by the current deputy assigned to the Township, the Township entered into joint litigation to ensure coverage would continue, and attempt to lower the costs that the County is forcing on participating communities that contract for police services. A revised four-year contract was signed last year with a Reservation of Rights, ensuring the Township is able to maintain its legal claims while the lawsuit continues. This issue is still progressing through the legal process and a final determination may be issued by year end.

### **Contacting Salem Township's Management**

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

# Salem Township

## Statement of Net Assets March 31, 2007

	Governmental Activities	Business-type Activities (Sewer Fund)	Total
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 2,002,022	\$ 757,418	\$ 2,759,440
Investments (Note 3)	4,104,570	-	4,104,570
Receivables - Net:			
Landfill	138,204	-	138,204
Customers	-	28,140	28,140
Special assessments	-	1,305,254	1,305,254
Other	108,697	-	108,697
Internal balances (Note 5)	52,718	(52,718)	-
Prepaid costs and other assets	23,766	-	23,766
Nondepreciable capital assets (Note 4)	1,764,820	260,982	2,025,802
Depreciable capital assets - Net (Note 4)	482,568	2,200,120	2,682,688
Total assets	8,677,365	4,499,196	13,176,561
<b>Liabilities</b>			
Accounts payable	3,964	-	3,964
Accrued and other liabilities	2,014	1,673	3,687
Noncurrent liabilities (Note 6):			
Due within one year	-	170,000	170,000
Due in more than one year	12,850	1,850,000	1,862,850
Total liabilities	18,828	2,021,673	2,040,501
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	2,247,388	934,566	3,181,954
Restricted - Village Green	2,571	-	2,571
Unrestricted	6,408,578	1,542,957	7,951,535
Total net assets	<u>\$ 8,658,537</u>	<u>\$ 2,477,523</u>	<u>\$ 11,136,060</u>



**Statement of Activities**  
**Year Ended March 31, 2007**

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (509,968)	\$ -	\$ (509,968)
(431,242)	-	(431,242)
(97,310)	-	(97,310)
(68,569)	-	(68,569)
<u>(1,556)</u>	<u>-</u>	<u>(1,556)</u>
(1,108,645)	-	(1,108,645)
<u>-</u>	<u>(92,645)</u>	<u>(92,645)</u>
(1,108,645)	(92,645)	(1,201,290)
1,089,795	-	1,089,795
378,375	-	378,375
-	67,887	67,887
359,430	36,896	396,326
46,116	-	46,116
<u>17,473</u>	<u>-</u>	<u>17,473</u>
<u>1,891,189</u>	<u>104,783</u>	<u>1,995,972</u>
782,544	12,138	794,682
<u>7,875,993</u>	<u>2,465,385</u>	<u>10,341,378</u>
<b><u>\$ 8,658,537</u></b>	<b><u>\$ 2,477,523</u></b>	<b><u>\$ 11,136,060</u></b>

# Salem Township

## Governmental Fund General Fund Balance Sheet March 31, 2007

### Assets

Cash and cash equivalents (Note 3)	\$ 2,002,022
Investments (Note 3)	4,104,570
Receivables - Net:	
Landfill	138,204
Other	108,697
Prepaid insurance	23,766
Due from Sewer Enterprise Fund (Note 5)	52,718
	<hr/>
Total assets	<b><u>\$ 6,429,977</u></b>

### Liabilities and Fund Balances

#### Liabilities

Accounts payable	\$ 3,964
Other liabilities	2,014
	<hr/>
Total liabilities	5,978

#### Fund Balances

Reserved:	
Prepaid expenditures	23,766
Village Green	2,571
Unreserved	6,397,662
	<hr/>
Total fund balances	6,423,999

        Total liabilities and fund balances **\$ 6,429,977**

**Fund Balance** - Governmental fund \$ 6,423,999

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

    Capital assets used in governmental activities are not financial  
    resources and are not reported in the funds 2,247,388

    Compensated absences are included as a liability (12,850)

        Net assets of governmental activities **\$ 8,658,537**

# Salem Township

## Governmental Fund General Fund Statement of Revenue, Expenditures, and Changes in Fund Balance Year Ended March 31, 2007

### Revenue

Licenses and permits	\$ 78,883
State-shared revenues	378,375
Landfill/Host community fees (Note 7):	
Host fees	429,913
Gas royalties	614,937
Compost host fees	<u>44,945</u>
Total landfill/host community fees	1,089,795
Local sources	28,422
Interest and rentals	359,430
Other	<u>147,818</u>
Total revenue	2,082,723

### Expenditures - Categorized by budget - Current

General government	797,991
Public safety	377,900
Public works	95,184
Capital improvements	<u>217,010</u>
Total expenditures	<u>1,488,085</u>

**Excess of Revenue Over Expenditures/Net Change in Fund Balance** 594,638

**Fund Balance - Beginning of year** 5,829,361

**Fund Balance - End of year** \$ 6,423,999

# Salem Township

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## **Governmental Fund Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities Year Ended March 31, 2007**

**Net Change in Fund Balances - General Fund** \$ 594,638

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

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation	(53,254)
Capital outlay expenditures	219,479
Contributed capital	22,751

Compensated absences are included as an expense	(1,070)
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**Change in Net Assets of Governmental Activities** **\$ 782,544**

# Salem Township

## Proprietary Fund Enterprise Fund - Sewer Fund Statement of Net Assets March 31, 2007

### Assets

#### Current assets:

Cash and cash equivalents (Note 3)	\$ 757,418
Receivables - Net:	
Customers	28,140
Special assessments	<u>1,305,254</u>
Total current assets	2,090,812

Noncurrent assets - Capital assets (Note 4)	<u>2,461,102</u>
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Total assets	4,551,914
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### Liabilities

#### Current liabilities:

Accrued and other liabilities	1,673
Due to General Fund (Note 5)	52,718
Current portion of long-term debt (Note 6)	<u>170,000</u>

Total current liabilities	224,391
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Noncurrent liabilities - Long-term debt - Net of current portion (Note 6)	<u>1,850,000</u>
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Total liabilities	<u>2,074,391</u>
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### Net Assets

Investment in capital assets - Net of related debt	934,566
Unrestricted	<u>1,542,957</u>

Total net assets	<u><u>\$ 2,477,523</u></u>
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# Salem Township

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**Proprietary Fund**  
**Enterprise Fund - Sewer Fund**  
**Statement of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended March 31, 2007**

<b>Operating Revenue</b> - Sewage disposal charges	\$ 89,628
<b>Operating Expenses</b>	
Cost of sewage treatment	57,018
Maintenance	15,708
Billing and administrative costs	624
Depreciation	<u>68,568</u>
Total operating expenses	<u>141,918</u>
<b>Operating Loss</b>	(52,290)
<b>Nonoperating Revenue (Expenses)</b>	
Tap fees	28,250
Interest income	104,783
Interest expense	<u>(68,605)</u>
<b>Change in Net Assets</b>	12,138
<b>Net Assets</b> - Beginning of year	<u>2,465,385</u>
<b>Net Assets</b> - End of year	<u><u>\$ 2,477,523</u></u>

# Salem Township

## Proprietary Fund Enterprise Fund - Sewer Fund Statement of Cash Flows Year Ended March 31, 2007

### Cash Flows from Operating Activities

Receipts from customers	\$ 92,870
Payments to suppliers	<u>(73,350)</u>

Net cash provided by operating activities 19,520

### Cash Flows from Noncapital Financing Activities - Repayments to other funds

(9,472)

### Cash Flows from Capital and Related Financing Activities

Collection of customer assessments (principal and interest)	156,521
Collection of connection fees	28,250
Principal and interest paid on capital debt	<u>(233,605)</u>

Net cash used in capital and related financing activities (48,834)

Cash Flows from Investing Activities - Interest received on investments 36,896

Net Decrease in Cash and Cash Equivalents (1,890)

Cash and Cash Equivalents - Beginning of year 759,308

Cash and Cash Equivalents - End of year \$ 757,418

### Reconciliation of Operating Loss to Net Cash from Operating Activities

Operating loss	\$ (52,290)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	68,568
Changes in assets - Receivables	<u>3,242</u>

Net cash provided by operating activities \$ 19,520

**Noncash Investing, Capital, and Financing Activities** - There were no noncash investing, capital, or financing activities during the year ended March 31, 2007.

# Salem Township

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**Fiduciary Funds  
Agency Funds  
Statement of Assets and Liabilities  
March 31, 2007**

<b>Assets - Cash and cash equivalents (Note 3)</b>	<b><u>\$ 51,902</u></b>
<b>Liabilities</b>	
Due to other governmental units	\$ 1,986
Refundable deposits	<u>49,916</u>
 Total liabilities	 <b><u>\$ 51,902</u></b>

## **Note I - Summary of Significant Accounting Policies**

The accounting policies of Salem Township, Washtenaw County, Michigan (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Salem Township, Washtenaw County, Michigan:

### **Reporting Entity**

Salem Township, Washtenaw County, Michigan is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township's funds only as there are no component units which should be included in this reporting entity.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental fund:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township reports the following major proprietary fund:

**Sewer Fund** - The Sewer Fund accounts for the activities of the sewage collection system.

Additionally, the Township reports the following fund type:

**Agency Funds** - The Agency Fund accounts for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

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

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

## **Note I - Summary of Significant Accounting Policies (Continued)**

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

**Capital Assets** - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Sewer building and systems	40 years
Buildings and improvements	20 years
Fire equipment	8 to 20 years
Office furnishings and equipment	5 to 10 years

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# Salem Township

## Notes to Financial Statements March 31, 2007

### Note 1 - Summary of Significant Accounting Policies (Continued)

**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 - Stewardship, Compliance, and Accountability

**Construction Code Fees** - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at April 1, 2006		\$	(23,928)
Current year building permit revenue			103,883
Related expenses:			
Direct costs	\$	47,017	
Estimated indirect costs		<u>58,725</u>	<u>105,742</u>
Current year expenditures in excess of revenue			<u>(1,859)</u>
Balance at March 31, 2007		\$	<u>(25,787)</u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

## **Note 3 - Deposits and Investments (Continued)**

The Township has designated six banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118; and mutual funds which are legal for direct investment by local units of government in Michigan. The Township's deposits and investment policies are in accordance with statutory authority

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$4,721,549 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. Of the \$4,721,549 of uninsured and uncollateralized deposits, \$3,400,238 is collateralized with securities held by the pledging institution's agent but not in the Township's name.

### **Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity Date</u>
Federal Home Loan Banks	\$ 498,400	February 27, 2009

# Salem Township

## Notes to Financial Statements March 31, 2007

### Note 3 - Deposits and Investments (Continued)

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Comerica investment pool	\$ 509,896	A1/PI	Moody's
Money market	66,591	AAA	Standard & Poor's
Sweep accounts	175,277	NR	NR
MBIA investment pool	631,899	NR	NR
JP Morgan investment pool	36,608	NR	NR
Federal Home Loan Bank	498,440	AAA	Standard & Poor's

### Note 4 - Capital Assets

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

	Balance April 1, 2006	Additions	Disposals and Adjustments	Balance March 31, 2007
<b>Governmental Activities</b>				
Capital assets not being depreciated -				
Land	\$ 1,579,700	\$ 185,120	\$ -	\$ 1,764,820
Capital assets being depreciated:				
Buildings and improvements	93,881	-	-	93,881
Fire equipment	885,076	10,609	-	895,685
Office furnishings and equipment	48,432	46,501	-	94,933
Subtotal	1,027,389	57,110	-	1,084,499
Accumulated depreciation:				
Buildings and improvements	(37,239)	(5,115)	-	(42,354)
Fire equipment	(478,606)	(43,161)	-	(521,767)
Office furnishings and equipment	(32,832)	(4,978)	-	(37,810)
Subtotal	(548,677)	(53,254)	-	(601,931)
Net capital assets being depreciated	478,712	3,856	-	482,568
Net capital assets	\$ 2,058,412	\$ 188,976	\$ -	\$ 2,247,388

# Salem Township

## Notes to Financial Statements March 31, 2007

### Note 4 - Capital Assets (Continued)

	Balance April 1, 2006	Additions	Disposals and Adjustments	Balance March 31, 2007
<b>Business-type Activities (Sewer Fund)</b>				
Capital assets not being depreciated -				
Land	\$ 260,982	\$ -	\$ -	\$ 260,982
Capital assets being depreciated - Sewer				
buildings and systems	2,742,722	-	-	2,742,722
Accumulated depreciation - Sewer				
buildings and systems	<u>(474,034)</u>	<u>(68,568)</u>	<u>-</u>	<u>(542,602)</u>
Net capital assets being depreciated	<u>2,268,688</u>	<u>(68,568)</u>	<u>-</u>	<u>2,200,120</u>
Net capital assets	<u>\$ 2,529,670</u>	<u>\$ (68,568)</u>	<u>\$ -</u>	<u>\$ 2,461,102</u>

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

Governmental activities:

General government	\$ 10,093
Public safety	<u>43,161</u>

Total governmental activities	<u>\$ 53,254</u>
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### Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

### Note 6 - Long-term Debt - Sewer Fund

**Original Construction** - In May 1995, the Township, in cooperation with Washtenaw County (the "County"), approved and began construction of a sanitary sewage disposal system for individuals within the Hamlet of Salem. On May 1, 1995, the Township entered into a lease agreement with the County relating to the system. Under this agreement, the County is responsible for construction and financing of the system through a bond program with the Michigan Municipal Bond Authority. The original lease amount of \$2,255,000 is equal to the total proceeds that may be drawn by the County. The Township will pay the County semiannual amounts sufficient to pay the debt service requirements and other related costs.

# Salem Township

## Notes to Financial Statements March 31, 2007

### Note 6 - Long-term Debt - Sewer Fund (Continued)

The Township will lease the system from the County and is required to operate, maintain, repair, insure, and manage the system for the County. Ownership of the system will be transferred at no cost to the Township after the bonds have been paid in full.

As of March 31, 2007, the estimated future minimum lease payments are as follows:

Years Ending March 31	Amount
2008	\$ 136,325
2009	133,850
2010	136,375
2011	133,788
2012	136,200
2013-2017	<u>639,713</u>
Total minimum lease payments	1,316,251
Less amount representing interest	<u>(146,251)</u>
Present value	<u>\$ 1,170,000</u>

The capital lease represents the financing of public improvements that benefited a specific district; this district is specially assessed, at least in part, for the cost of the sewer improvements. At March 31, 2007, the Township had approximately \$465,000 of special assessments receivable in the future related to this project.

**2002/2003 Expansion** - In May 2002, the Township entered into an agreement with the County to expand the Township's existing sewer system. Under this agreement, the County is responsible for construction and financing of the project through a bond program with the Michigan Municipal Bond Authority. The bond was issued in May 2002 for \$1,090,000. The Township has entered into a lease agreement equal to the total proceeds that will be drawn down by the County. The Township will pay the County semiannual amounts sufficient to pay the debt service requirements and other related costs.

# Salem Township

## Notes to Financial Statements March 31, 2007

### Note 6 - Long-term Debt - Sewer Fund (Continued)

As of March 31, 2007, the estimated future minimum lease payments are as follows:

Years Ending March 31	Amount
2008	\$ 97,015
2009	94,735
2010	92,365
2011	89,920
2012	87,400
2013-2017	374,894
2018-2022	<u>309,251</u>
Total minimum lease payments	1,145,580
Less amount representing interest	<u>(295,580)</u>
Present value	<u>\$ 850,000</u>

The capital lease represents the financing of public improvements that benefited a specific district; this district is specially assessed, at least in part, for the cost of the sewer improvements. At March 31, 2007, the Township had approximately \$838,000 of special assessments receivable in the future related to this project.

### Note 7 - Landfill Agreement

In 1991, the Township entered into a host community agreement and lease with Onyx North America - Arbor Hills Landfill (Onyx), previously known as Browning-Ferris Industries (BFI) of Southeastern Michigan, Inc., covering a Township-owned landfill site. The Township receives quarterly lease renewal payments in return for leasing the site to Onyx for landfill operations. In addition, the Township receives monthly payments from Gas Recovery Systems equal to 50 percent of the revenue generated from the sale of landfill gases. For the year ended March 31, 2007, host revenue and gas royalties were \$429,913 and \$614,937, respectively.

## **Note 7 - Landfill Agreement (Continued)**

In June 1996, the Township also entered into a host community agreement with Onyx covering a composting site. Total revenue for the year ended March 31, 2007 relating to this agreement was \$44,945.

State and federal laws and regulations require that a final cover be placed on the landfill site when it stops accepting waste and that certain maintenance and monitoring functions be performed at the site for 30 years after closure. Any costs associated with closure or postclosure care are the responsibility of Onyx. The Township is responsible for closure and postclosure care costs only in the event that Onyx and its parent are unable to provide for these costs. The financial statements do not reflect any adjustments that might be necessary in the event Onyx is unable to provide for closure and postclosure care costs.

## **Note 8 - Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefit claims and participates in the Michigan Municipal League Liability and Property pool program for claims relating to property, torts, errors and omissions, and workers' compensation and the Michigan Townships Participating Plan for claims relating to firefighter disability and life claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

## **Note 9 - Defined Contribution Pension Plan**

The Township provides pension benefits to certain employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by the adoption agreement, the Township contributes 10 percent of certain employees' gross earnings to the employee's account.

The Township's total payroll during the current year was \$512,944. The current year contribution was calculated based on covered payroll of approximately \$171,000, resulting in an employer contribution of \$17,130.

## **Required Supplemental Information**

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# Salem Township

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Licenses and permits	\$ 112,250	\$ 112,250	\$ 78,883	\$ (33,367)
State-shared revenues and grants	325,000	325,000	378,375	53,375
Landfill/Host community fees:				
Host fees	412,500	412,500	429,913	17,413
Gas royalties	600,000	600,000	614,937	14,937
Compost host fees	35,000	35,000	44,945	9,945
Total landfill/host community fees	1,047,500	1,047,500	1,089,795	42,295
Local sources	29,000	29,000	28,422	(578)
Interest income	185,000	210,000	359,430	149,430
Other revenue:				
Refunds and rebates	7,500	7,500	4,122	(3,378)
Charges for services	6,750	6,750	7,652	902
Cable television franchise	35,000	35,000	46,116	11,116
Other	18,000	18,000	89,928	71,928
Total other revenue	67,250	67,250	147,818	80,568
Total revenue	1,766,000	1,791,000	2,082,723	291,723
<b>Expenditures</b>				
General government:				
Township board:				
Salaries	24,884	24,884	23,620	1,264
Payroll taxes	1,904	1,904	1,892	12
Other	1,550	1,550	265	1,285
Total Township board	28,338	28,338	25,777	2,561
Supervisor:				
Salaries	33,091	33,091	33,091	-
Deputy supervisor	12,100	12,100	3,875	8,225
Administrative assistant	38,583	38,583	38,218	365
Payroll taxes and benefits	16,909	16,909	17,063	(154)
Supplies and others	2,100	2,100	1,820	280
Total supervisor	102,783	102,783	94,067	8,716
Clerk:				
Salaries	33,091	33,091	33,091	-
Deputy clerk	25,000	25,000	17,642	7,358
Payroll taxes and benefits	4,444	4,444	3,926	518
Printing and supplies	200	200	-	200
Equipment	1,000	1,000	162	838
Other	5,350	5,350	6,206	(856)
Total clerk	69,085	69,085	61,027	8,058

# Salem Township

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
General government (Continued):				
Treasurer:				
Salary	\$ 33,091	\$ 33,091	\$ 33,091	\$ -
Deputy treasurer	25,000	25,000	14,272	10,728
Payroll taxes and benefits	4,444	4,444	3,653	791
Tax statements	4,200	4,200	4,456	(256)
Equipment	1,000	1,000	-	1,000
Other	1,550	1,550	664	886
Total treasurer	69,285	69,285	56,136	13,149
Township hall and office:				
Salaries	8,000	10,500	9,053	1,447
Payroll taxes	268	268	267	1
Utilities	30,000	30,000	33,624	(3,624)
Equipment	7,500	7,500	2,911	4,589
Maintenance	61,000	61,000	34,565	26,435
Printing, postage, and supplies	29,500	29,500	28,575	925
Other	100	100	315	(215)
Total Township hall and office	136,368	138,868	109,310	29,558
Other:				
Election	43,771	45,924	41,593	4,331
Assessing	43,000	43,200	43,108	92
Zoning	66,901	66,901	64,816	2,085
Community development	132,786	162,786	123,177	39,609
Fringe benefits and insurance	58,000	60,000	56,019	3,981
Board of review	1,277	2,000	1,801	199
Board of appeals	2,020	2,020	380	1,640
Planning commission	34,019	34,619	32,140	2,479
Engineering services	2,700	12,700	6,963	5,737
Accounting and audit	25,080	25,080	24,907	173
Legal services	75,000	75,000	35,486	39,514
Other	196,773	166,773	21,284	145,489
Total other	681,327	697,003	451,674	245,329
Total general government	1,087,186	1,105,362	797,991	307,371
Public safety:				
Fire department	297,814	309,814	279,769	30,045
Police department	94,000	104,000	98,131	5,869
Total public safety	391,814	413,814	377,900	35,914

# Salem Township

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures</b> (Continued)				
Public works - Highways and streets	\$ 202,000	\$ 202,000	\$ 95,184	\$ 106,816
Capital improvements	85,000	275,000	217,010	57,990
Total expenditures	<u>1,766,000</u>	<u>1,996,176</u>	<u>1,488,085</u>	<u>508,091</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	-	(205,176)	594,638	799,814
<b>Fund Balances</b> - Beginning of year	<u>5,829,361</u>	<u>5,829,361</u>	<u>5,829,361</u>	-
<b>Fund Balances</b> - End of year	<u>\$ 5,829,361</u>	<u>\$ 5,624,185</u>	<u>\$ 6,423,999</u>	<u>\$ 799,814</u>

# Salem Township

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## **Note to Required Supplemental Information March 31, 2007**

### **Note - Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at fiscal year end. The Township's fiscal year begins on April 1 and ends March 31. During the months of January and February, department heads are asked to provide spending requirements for the upcoming fiscal year. The clerk's department provides updated revenue and expenditure reports to enable the department heads to determine how well their expenditures are relative to the current proposed budget.

The supervisor is responsible for compiling the budget information and presenting it to the board. The treasurer assists in this process by providing revenue projections. A preliminary budget is presented to the board in February for review and input from the trustees. A public budget hearing, which is advertised in the local designated newspaper, is held in March to provide a forum for the citizens to make comments and provide their input. Subsequently, the board takes a formal vote to adopt the budget by cost centers or departments via the General Appropriations Act.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Township did not have significant expenditure budget variances.

## **Other Supplemental Information**

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# Salem Township

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**Other Supplemental Information**  
**Fiduciary Funds**  
**Statement of Assets and Liabilities**  
**March 31, 2007**

	<u>Tax Collection</u>	<u>Escrow</u>	<u>Total</u>
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 1,986</u></b>	<b><u>\$ 49,916</u></b>	<b><u>\$ 51,902</u></b>
<b>Liabilities</b>			
Due to other governmental units	\$ 1,986	\$ -	\$ 1,986
Refundable deposits	<u>-</u>	<u>49,916</u>	<u>49,916</u>
Total liabilities	<b><u>\$ 1,986</u></b>	<b><u>\$ 49,916</u></b>	<b><u>\$ 51,902</u></b>



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July 11, 2007

To the Members of the Township  
Board of Trustees  
Salem Township  
P.O. Box 75002  
9600 Six Mile Road  
Salem, MI 48175

Dear Board Members:

We have recently completed our audit of the financial statements of Salem Township for the year ended March 31, 2007. In connection with our audit, we offer the following comment to assist you in your financial management of the Township.

We would like to commend the Township for reconciling the building deposit escrow during the current year. For completed projects, the money was either returned for the people identified and found, or escheated to the State of Michigan for those people identified, but not found. Other cash was assumed to relate to costs previously expensed through the General Fund and the Township has now recorded revenue in the General Fund to offset these prior costs. We also recommend that future claims in excess of the amounts held in the deposit escrow or escheated to the State will need to be paid by the General Fund.

We would like to thank the Township and all those involved with the audit process for their assistance. If any questions arise upon reviewing the financial statements or on the above comment, we would be happy to discuss them with you. Thank you for the continued opportunity to be of service.

Very truly yours,

**Plante & Moran, PLLC**

A handwritten signature in black ink, appearing to read "Michael J. Swartz".

Michael J. Swartz

A handwritten signature in black ink, appearing to read "Wendy N. Trumbull".

Wendy N. Trumbull

