

# 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.

<b>We have enclosed the following:</b>	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

WEBSTER TOWNSHIP

REPORT ON AUDIT OF  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2007

**WEBSTER TOWNSHIP**

**TOWNSHIP OFFICIALS**

Supervisor - John Kingsley  
Clerk - Mary Dee Heller  
Treasurer - Carol Whitney

**TOWNSHIP BOARD**

Karl Fink  
Mary Dee Heller  
John Kingsley  
Richard Kleinschmidt  
Gary Koch  
John Westman  
Carol Whitney

**TOWNSHIP ATTORNEY**

Reading, Etter & Lillich

**TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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**John M. Pfeffer, C.P.A.**  
**Patrick M. Hanniford, C.P.A.**  
**Kenneth J. Palka, C.P.A.**

*Members:*  
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May 20, 2007

Board of Trustees  
Webster Township  
5665 Webster Church Road  
Dexter, Michigan 48130

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster Township as of and for the year ended March 31, 2007, which collectively comprise Webster Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Webster Township'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Webster 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 other required supplementary information on pages 7 through 11 and 32 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Webster Township's basic financial statements. The accompanying supplementary is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

MANAGEMENT DISCUSSION

AND

ANALYSIS

Management Discussion and Analysis  
March 31, 2007

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Within this section of Webster Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various nonfinancial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

*Governmental funds* are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

*Fiduciary funds* are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$2,659,199. This is a \$618,552 increase over last year's net assets of \$2,040,647.

The following tables provide a summary of the Township's financial activities and changes in net assets:

**Summary of Net Assets**

	<u>Governmental Activities</u>	
	<u>3/31/2007</u>	<u>3/31/2006</u>
Current and other assets	\$ 2,122,822	\$ 1,508,490
Capital assets	<u>542,579</u>	<u>559,368</u>
Total assets	<u>2,665,401</u>	<u>2,067,858</u>
Accounts payable	6,202	15,299
Land contract payable		<u>11,912</u>
Total liabilities	<u>6,202</u>	<u>27,211</u>
Net assets:		
Invested in capital assets, net of related debt	542,579	547,456
Unrestricted	<u>2,116,620</u>	<u>1,493,191</u>
Total net assets	<u><u>\$ 2,659,199</u></u>	<u><u>\$ 2,040,647</u></u>

## Summary of Changes in Net Assets

	Governmental Activities	
	3/31/2007	3/31/2006
Revenues:		
Program revenues		
Charges for services	\$ 213,415	\$ 222,900
Operating contributions		257
General revenues		
State shared revenue	356,421	355,286
Property taxes	1,337,391	1,251,334
Interest income	85,132	36,623
Cable franchise fees	48,483	44,361
Other income	3,466	4,257
<b>Total revenues</b>	<b>2,044,308</b>	<b>1,915,018</b>
Expenses		
General government	675,531	737,785
Fire protection	272,914	273,564
Police protection	195,308	181,127
Community development	11,351	3,491
Public works	270,428	52,501
Interest on long-term debt	224	2,011
<b>Total expenses</b>	<b>1,425,756</b>	<b>1,250,479</b>
Changes in net assets	618,552	664,539
Beginning net assets	2,040,647	1,376,108
Ending net assets	<b>\$ 2,659,199</b>	<b>\$ 2,040,647</b>

The overall increase in the net assets are due to the recent collect of the year's new millage for property taxes and is consistent with prior year activity.

### Financial Analysis of the Township's Funds

Webster Township reported three major funds for the year ended March 31, 2007. These funds included:

- General Fund
- Public Safety Fund
- Development Rights Fund

The General Fund decreased its fund balance by \$15,529. This primarily due to the operating transfers made to the Capital Improvement Fund to save for future Fire Hall Improvement/Construction costs.

The Public Safety Fund increased its fund balance by \$280,520 in the year ended March 31, 2007. A new millage was collected for this activity in which related increased expenditures will be incurred subsequent to the fiscal year end.

The Development Rights Fund was created during the year and increased its fund balance by \$179,776. This fund recorded one year of property tax, but has yet to incur many expenses related to its created purpose.

### General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and made immaterial amendments to bring it closer to fiscal reality. One major amendment was to account for anticipated operating transfers to create the Capital Improvement Fund.

### Capital Asset and Debt Administration

The Township did not acquire nor dispose of any capital assets during the year. Total depreciation expense for the year was \$16,789 and was assigned to the general government activity in the Statement of Activities.

The Township issued no additional debt, but did pay off the land contract payable associated with the land on which the Township Hall rests.

### Economic Conditions and Future Activities

Possible future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods. The renewal of the public safety millage will provide more stability for the General Fund since it will not have to transfer funds to cover rising public safety costs.

### Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Webster Township at 5665 Webster Church Road, Webster, Michigan 48130.

BASIC FINANCIAL  
STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL  
STATEMENTS

WEBSTER TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2007

	<u>Primary Government</u>
<u>ASSETS</u>	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,953,561
Receivables	
Taxes	72,239
Interest	1,757
Intergovernmental	29,928
State shared revenues	60,866
Accounts	4,471
Capital assets - net of depreciation	<u>542,579</u>
Total assets	2,665,401
 <b>LIABILITIES</b>	
<u>LIABILITIES</u>	
Accounts payable	<u>6,202</u>
 <b>NET ASSETS</b>	
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	542,579
Unrestricted	<u>2,116,620</u>
Total net assets	<u>\$ 2,659,199</u>

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

WEBSTER TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Total</u>
Governmental activities:			
General government	\$ (675,531)	\$ 206,344	\$ (469,187)
Fire protection	(272,914)		(272,914)
Police protection	(195,308)	7,071	(188,237)
Community development	(11,351)		(11,351)
Public works	(270,428)		(270,428)
Interest on long-term debt	<u>(224)</u>		<u>(224)</u>
Total governmental activities	<u>\$ (1,425,756)</u>	<u>\$ 213,415</u>	<u>(1,212,341)</u>

General Revenues	
Property taxes	1,337,391
State shared revenues	356,421
Unrestricted investment earnings	85,132
Rental income	900
Franchise fees	48,483
Other income	<u>2,566</u>
Total general revenues	<u>1,830,893</u>
Changes in net assets	618,552
Net assets, April 1, 2006	<u>2,040,647</u>
Net assets, March 31, 2007	<u>\$ 2,659,199</u>

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

FUND  
FINANCIAL  
STATEMENTS

WEBSTER TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2007

<u>ASSETS</u>	General	Public Safety	Development Rights	<u>Nonmajor Fund</u> Capital Improvement	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 823,846	\$ 613,504	\$ 339,306	\$ 176,905	\$ 1,953,561
Receivables					
Taxes	27,468	35,561	9,210		72,239
State shared revenues	60,866				60,866
Interest				1,757	1,757
Accounts	3,429	1,042			4,471
Due from other funds	<u>29,928</u>				<u>29,928</u>
Total assets	<u>\$ 945,537</u>	<u>\$ 650,107</u>	<u>\$ 348,516</u>	<u>\$ 178,662</u>	<u>\$ 2,122,822</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
<b>LIABILITIES</b>					
Accounts payable	\$ 5,514	\$	\$ 688	\$	\$ 6,202
<b>FUND BALANCE</b>					
Reserved					
Public safety		650,107			650,107
Development Rights			347,828		347,828
Capital Improvements				178,662	178,662
Unreserved	<u>940,023</u>				<u>940,023</u>
Total fund balances	<u>940,023</u>	<u>650,107</u>	<u>347,828</u>	<u>178,662</u>	<u>2,116,620</u>
Total liabilities and fund balance	<u>\$ 945,537</u>	<u>\$ 650,107</u>	<u>\$ 348,516</u>	<u>\$ 178,662</u>	<u>\$ 2,122,822</u>

The accompanying notes are integral part of these financial statements.

**PFEFFER, HANNIFORD & PALKA**

*Certified Public Accountants*

WEBSTER TOWNSHIP  
 RECONCILIATION OF STATEMENT OF NET ASSETS  
 OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
 MARCH 31, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 2,116,620
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Historical cost	\$ 708,155	
Depreciation	<u>(165,576)</u>	
Capital assets, net of depreciation		<u>542,579</u>
 Net assets of governmental activities		 <u>\$ 2,659,199</u>

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

WEBSTER TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>General</u>	<u>Public Safety</u>	<u>Development Rights</u>	<u>Nonmajor Fund Capital Improvement</u>	<u>Total</u>
<b>REVENUES</b>					
Taxes	\$ 423,851	\$ 730,847	\$ 182,693	\$	\$ 1,337,391
Licenses and permits	3,362				3,362
Fines and forfeitures		7,071			7,071
State shared revenues	356,421				356,421
Cable franchise fees	48,483				48,483
Charges for services	203,882				203,882
Interest	61,865	11,201	8,396	3,670	85,132
Miscellaneous	<u>2,566</u>				<u>2,566</u>
Total revenues	<u>1,100,430</u>	<u>749,119</u>	<u>191,089</u>	<u>3,670</u>	<u>2,044,308</u>
<b>EXPENDITURES</b>					
General government	658,357	377		8	658,742
Fire protection		272,914			272,914
Police protection		195,308			195,308
Community development	38		11,313		11,351
Public works	270,428				270,428
Debt service	<u>12,136</u>				<u>12,136</u>
Total expenditures	<u>940,959</u>	<u>468,599</u>	<u>11,313</u>	<u>8</u>	<u>1,420,879</u>
Excess of revenues over (under) expenditures	159,471	280,520	179,776	3,662	623,429
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in				175,000	175,000
Transfers (out)	<u>(175,000)</u>				<u>(175,000)</u>
Total other financing sources (uses)	<u>(175,000)</u>			<u>175,000</u>	
Net changes in fund balance	(15,529)	280,520	179,776	178,662	623,429
FUND BALANCE, APRIL 1, 2006	<u>955,552</u>	<u>369,587</u>	<u>168,052</u>		<u>1,493,191</u>
FUND BALANCE, MARCH 31, 2007	<u>\$ 940,023</u>	<u>\$ 650,107</u>	<u>\$ 347,828</u>	<u>\$ 178,662</u>	<u>\$ 2,116,620</u>

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

WEBSTER TOWNSHIP  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED MARCH 31, 2007

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

Net change in fund balances – governmental funds	\$ 623,429
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:</p>	
Depreciation expense	(16,789)
<p>Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets</p>	
Repayment of:	
Land contract payable	<u>11,912</u>
Change in net assets of governmental activities	<u>\$ 618,552</u>

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

WEBSTER TOWNSHIP  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
MARCH 31, 2007

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Developer Escrow Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
ASSETS				
Cash	<u>\$ 23,162</u>	<u>\$ 10,687</u>	<u>\$ 57,515</u>	<u>\$ 91,364</u>
<u>LIABILITIES</u>				
LIABILITIES				
Due to other funds	\$ 23,162	\$ 3,106	\$ 3,660	\$ 29,928
Due to others	<u>                    </u>	<u>7,581</u>	<u>53,855</u>	<u>61,436</u>
Total liabilities	<u>\$ 23,162</u>	<u>\$ 10,687</u>	<u>\$ 57,515</u>	<u>\$ 91,364</u>

NOTES  
TO  
FINANCIAL  
STATEMENTS

WEBSTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Webster Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

WEBSTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

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 Public Safety Fund accounts for the activities related to the Township's contracting of police and fire protection services. This activity is primarily funded through the collection of property taxes.

The Development Rights Fund accounts for the activities in acquiring and preserving Township property for conservation purposes. This activity is primarily funded through the collection of property taxes.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

WEBSTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The board of trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approval by the entire Township board. The budget is approved by activity. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings.

Actual expenditures did not exceed budgeted appropriations except for the assessor activities in the General Fund. Also, the budget was not approved for the Capital Improvement Fund as required by the State of Michigan.

D. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

WEBSTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

E. MANAGEMENT ESTIMATES

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

F. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

G. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

H. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

WEBSTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the township for the 2006 levy was assessed at an adjusted taxable value of \$ 368,548,190. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection.

The Township levied the following millage for 2006:

General township	1.1440
Public safety	1.9726
Development rights	<u>.4931</u>
Total levy	<u>3.6097</u>

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39 all funds, agencies, and activities of Webster Township as the primary government have been included in the financial statements.

The following potential component unit has been evaluated under the criteria established by GASB statement number 39 and determined not to be a component unit based on financial independence and accountability:

Portage and Base Lakes Water and Sewer Authority - The authority is fiscally independent from the township requiring a separate audit for the authority's activities.

WEBSTER TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2007

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. Amounts due at March 31, 2007 include:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 29,928	\$
Current Tax Collection Fund		23,162
Trust and Agency Fund		3,106
Developer Escrow Fund	<u>                    </u>	<u>3,660</u>
Totals	<u>\$ 29,928</u>	<u>\$ 29,928</u>

NOTE 4 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township maintains a \$250 imprest petty cash fund.

The investment policy adopted by the board is in accordance with Act 196 PA 1997. The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 200,000	\$	\$ 200,000	\$ 200,000
Uninsured and uncollateralized	<u>1,753,311</u>	<u>91,364</u>	<u>1,844,675</u>	<u>1,866,439</u>
Total deposits	<u>\$ 1,953,311</u>	<u>\$ 91,364</u>	<u>\$ 2,044,675</u>	<u>\$ 2,066,439</u>

WEBSTER TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2007

**NOTE 5 - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
Land	\$ 239,460	\$	\$	\$ 239,460
Building and improvements	456,746			456,746
Office furniture and equipment	<u>11,949</u>			<u>11,949</u>
Net	708,155			708,155
Accumulated depreciation	<u>(148,787)</u>	<u>(16,789)</u>		<u>(165,576)</u>
Total net book value	<u>\$ 559,368</u>	<u>\$ (16,789)</u>	<u>\$</u>	<u>\$ 542,579</u>

There was no debt outstanding for these capital assets at March 31, 2007. All depreciation is included in the general government expense in the Statement of Activities.

**NOTE 6 - LONG-TERM DEBT**

The following is a summary of the Township's long-term debt for the year ended March 31, 2007:

	<u>Balance 4/01/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
Land contract payable to May A. Mast for land purchased surrounding New Township Hall; interest charged at 7%; payable through 2007	<u>\$ 11,912</u>	<u>\$</u>	<u>\$ 11,912</u>	<u>\$</u>

**NOTE 7 - CONTINGENCIES**

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

WEBSTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 8 – POST EMPLOYMENT BENEFITS

The Township adopted a post employment benefits policy. The Township pays health insurance premiums (single coverage) for retirees of the Township who have worked a minimum of 10 years and until the age 65. Currently, there are no retired employees receiving the benefit. There was no cost to the Township for the year ending March 31, 2007. Under this policy there is a potential of only one employee eligible that could receive this benefit. An estimate or actuarial of current and future costs related to this policy has not been done.

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

NOTE 9 - RESERVED FUND BALANCES

The Township had \$1,176,597 of reserved fund balances as of March 31, 2007. Amounts for Public Safety and Development Rights are reserved due to the property taxes collected specifically for these activities. All other amounts are due to Township Board designations, and may become unreserved if decided by the Township Board.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

WEBSTER TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED MARCH 31, 2007

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$	\$	\$ 423,851	\$
Licenses and permits			3,362	
State shared revenues			356,421	
Charges for services			203,882	
Other revenues			112,914	
Total revenues	<u>1,027,892</u>	<u>1,027,892</u>	<u>1,100,430</u>	<u>72,538</u>
<b>EXPENDITURES</b>				
Township board			51,777	
Supervisor			32,987	
Elections			10,361	
Assessor			75,204	
Clerk			42,790	
Board of review			2,991	
Treasurer			44,121	
Building and grounds			30,544	
Unallocated			230,833	
Planning and zoning			148,885	
Roads			269,257	
Solid waste management			1,171	
Parks and recreation			38	
Total expenditures	<u>1,167,033</u>	<u>1,182,953</u>	<u>940,959</u>	<u>241,994</u>
Excess of revenues over (under) expenditures	(139,141)	(155,061)	159,471	314,532
<b>OTHER FINANCING (USES)</b>				
Transfers (out)		(175,000)	(175,000)	
Net change in fund balance	(139,141)	(330,061)	(15,529)	314,532
FUND BALANCE, APRIL 1, 2006	<u>955,552</u>	<u>955,552</u>	<u>955,552</u>	
FUND BALANCE, MARCH 31, 2007	<u>\$ 816,411</u>	<u>\$ 625,491</u>	<u>\$ 940,023</u>	<u>\$ 314,532</u>

WEBSTER TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
PUBLIC SAFETY FUND  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$	\$	\$ 730,847	\$
District court fees			7,071	
Interest income			<u>11,201</u>	
Total revenues	724,030	724,030	749,119	25,089
EXPENDITURES	<u>475,779</u>	<u>475,779</u>	<u>468,599</u>	<u>7,180</u>
Net change in fund balance	248,251	248,251	280,520	32,269
FUND BALANCE, APRIL 1, 2006	<u>369,587</u>	<u>369,587</u>	<u>369,587</u>	
FUND BALANCE, MARCH 31, 2007	<u>\$ 617,838</u>	<u>\$ 617,838</u>	<u>\$ 650,107</u>	<u>\$ 32,269</u>

WEBSTER TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
DEVELOPMENT RIGHTS  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
	\$	\$	\$ 182,693	\$
			<u>8,396</u>	
Total revenues	<u>183,132</u>	<u>183,132</u>	<u>191,089</u>	<u>7,957</u>
EXPENDITURES				
Contracted services			9,840	
Legal fees			675	
Other			<u>798</u>	
Total expenditures	<u>30,700</u>	<u>30,700</u>	<u>11,313</u>	<u>19,387</u>
Net change in fund balance	152,432	152,432	179,776	27,344
FUND BALANCE, APRIL 1, 2006	<u>168,052</u>	<u>168,052</u>	<u>168,052</u>	
FUND BALANCE, MARCH 31, 2007	<u>\$ 320,484</u>	<u>\$ 320,484</u>	<u>\$ 347,828</u>	<u>\$ 27,344</u>

SUPPLEMENTARY  
INFORMATION

COMBINING  
FINANCIAL  
STATEMENTS

WEBSTER TOWNSHIP  
 COMBINING BALANCE SHEET  
 ALL SPECIAL REVENUE FUNDS  
 MARCH 31, 2007

<u>ASSETS</u>	<u>Public Safety</u>	<u>Development Rights</u>	<u>Capital Improvement</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash	\$ 613,504	\$ 339,306	\$ 176,905	\$ 1,129,715
Taxes receivable	35,561	9,210		44,771
Due from others	<u>1,042</u>	<u>          </u>	<u>1,757</u>	<u>2,799</u>
Total assets	<u>\$ 650,107</u>	<u>\$ 348,516</u>	<u>\$ 178,662</u>	<u>\$ 1,177,285</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<b>LIABILITIES</b>				
Accounts payable	\$	\$ 688	\$	\$ 688
 <b>FUND BALANCE</b>				
	<u>650,107</u>	<u>347,828</u>	<u>178,662</u>	<u>1,176,597</u>
Total liabilities	<u>\$ 650,107</u>	<u>\$ 348,516</u>	<u>\$ 178,662</u>	<u>\$ 1,177,285</u>

WEBSTER TOWNSHIP  
 COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 MARCH 31, 2007

	Current Tax Collection	Trust and Agency	Developer Escrow Fund	Totals
<u>ASSETS</u>				
ASSETS				
Cash	\$ 23,162	\$ 10,687	\$ 57,515	\$ 91,364
<u>LIABILITIES</u>				
LIABILITIES				
Due to other funds	\$ 23,162	\$ 3,106	\$ 3,660	\$ 29,928
Due to others		7,581	53,855	61,436
Total liabilities	\$ 23,162	\$ 10,687	\$ 57,515	\$ 91,364

WEBSTER TOWNSHIP  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS  
 MARCH 31, 2007

	<u>Public Safety</u>	<u>Development Rights</u>	<u>Capital Improvement</u>	<u>Totals</u>
<b>REVENUES</b>				
Property taxes	\$ 730,847	\$ 182,693	\$	\$ 913,540
District court fees	7,071			7,071
Interest	<u>11,201</u>	<u>8,396</u>	<u>3,670</u>	<u>23,267</u>
Total revenues	<u>749,119</u>	<u>191,089</u>	<u>3,670</u>	<u>943,878</u>
<b>EXPENDITURES</b>				
Public safety	468,599			468,599
Public works		11,313		11,313
Miscellaneous			<u>8</u>	<u>8</u>
Total expenditures	<u>468,599</u>	<u>11,313</u>	<u>8</u>	<u>479,920</u>
Excess of revenues over (under) expenditures	280,520	179,776	3,662	463,958
<b>OTHER FINANCING SOURCES</b>				
Transfers in			<u>175,000</u>	<u>175,000</u>
Net changes in fund balances	280,520	179,776	178,662	638,958
FUND BALANCE, APRIL 1, 2006	<u>369,587</u>	<u>168,052</u>		<u>537,639</u>
FUND BALANCE, MARCH 31, 2007	<u>\$ 650,107</u>	<u>\$ 347,828</u>	<u>\$ 178,662</u>	<u>\$ 1,176,597</u>

INDIVIDUAL  
FUNDS

GENERAL  
FUND

WEBSTER TOWNSHIP  
GENERAL FUND  
BALANCE SHEET  
MARCH 31, 2007

ASSETS

ASSETS

Cash	\$ 823,846	
Receivables		
Taxes receivable	27,468	
State shared revenues	60,866	
Cable franchise	3,429	
Due from other funds	<u>29,928</u>	
Total assets		<u>\$ 945,537</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable		\$ 5,514
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FUND BALANCE

Total liabilities and fund balance		<u>940,023</u>
		<u>\$ 945,537</u>

WEBSTER TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$ 413,267	\$ 423,851	\$ 10,584
Licenses and permits	6,525	3,362	(3,163)
State shared revenues	360,000	356,421	(3,579)
Charges for services	190,100	203,882	13,782
Other revenues	<u>58,000</u>	<u>112,914</u>	<u>54,914</u>
Total revenues	<u>1,027,892</u>	<u>1,100,430</u>	<u>72,538</u>
<b>EXPENDITURES</b>			
Township board	62,000	51,777	10,223
Supervisor	42,487	32,987	9,500
Elections	16,070	10,361	5,709
Assessor	73,975	75,204	(1,229)
Clerk	43,688	42,790	898
Board of review	4,730	2,991	1,739
Treasurer	47,211	44,121	3,090
Building and grounds	68,365	30,544	37,821
Unallocated	291,508	230,833	60,675
Planning and zoning	192,919	148,885	44,034
Roads	315,000	269,257	45,743
Solid waste management	15,000	1,171	13,829
Parks and recreation	<u>10,000</u>	<u>38</u>	<u>9,962</u>
Total expenditures	<u>1,182,953</u>	<u>940,959</u>	<u>241,994</u>
Excess of revenues over (under) expenditures	(155,061)	159,471	314,532
<b>OTHER FINANCING (USES)</b>			
Transfers (out)	<u>(175,000)</u>	<u>(175,000)</u>	<u>          </u>
Net change in fund balance	(330,061)	(15,529)	314,532
FUND BALANCE, APRIL 1, 2006	<u>955,552</u>	<u>955,552</u>	<u>          </u>
FUND BALANCE, MARCH 31, 2007	<u>\$ 625,491</u>	<u>\$ 940,023</u>	<u>\$ 314,532</u>

WEBSTER TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES			
Current property taxes	<u>\$ 413,267</u>	<u>\$ 423,851</u>	<u>\$ 10,584</u>
LICENSES AND PERMITS	<u>6,525</u>	<u>3,362</u>	<u>(3,163)</u>
STATE SHARED REVENUES	<u>360,000</u>	<u>356,421</u>	<u>(3,579)</u>
CHARGES FOR SERVICES			
Copies		151	
Zoning fees		1,225	
Land division		3,575	
Planning commission fees		3,800	
Site plan reviews		1,000	
Township hall rental		900	
PA 48 fees		8,226	
Developer fees		45,830	
Property tax administration fees		130,693	
Tax collection fees		<u>8,482</u>	
Total charges for services	<u>190,100</u>	<u>203,882</u>	<u>13,782</u>
OTHER REVENUES			
Cable franchise fees		48,483	
Interest on investments		61,865	
Miscellaneous		<u>2,566</u>	
Total other revenues	<u>58,000</u>	<u>112,914</u>	<u>54,914</u>
Total revenues	<u>\$ 1,027,892</u>	<u>\$ 1,100,430</u>	<u>\$ 72,538</u>

WEBSTER TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TOWNSHIP BOARD</b>			
Fees	\$	\$ 8,840	\$
Payroll taxes		1,990	
Health insurance		31,866	
Tax chargebacks		504	
Publications		2,951	
Membership and dues		<u>5,626</u>	
Total township board	<u>62,000</u>	<u>51,777</u>	<u>10,223</u>
<b>SUPERVISOR</b>			
Salary		30,643	
Payroll taxes		<u>2,344</u>	
Total supervisor	<u>42,487</u>	<u>32,987</u>	<u>9,500</u>
<b>ELECTIONS</b>			
Per diems		9,109	
Payroll taxes		188	
Supplies and postage		848	
Publications and printing		<u>216</u>	
Total elections	<u>16,070</u>	<u>10,361</u>	<u>5,709</u>
<b>ASSESSOR</b>			
Salary		55,675	
Payroll taxes		4,351	
Health insurance		13,022	
Retirement		1,200	
Professional development		<u>956</u>	
Total assessor	<u>73,975</u>	<u>75,204</u>	<u>(1,229)</u>

WEBSTER TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CLERK</b>			
Salary	\$	\$ 30,643	\$
Health insurance		5,164	
Deputy salary		3,914	
Payroll taxes		3,039	
Miscellaneous		<u>30</u>	
Total clerk	<u>43,688</u>	<u>42,790</u>	<u>898</u>
<b>BOARD OF REVIEW</b>			
Fees		2,778	
Payroll taxes		<u>213</u>	
Total board of review	<u>4,730</u>	<u>2,991</u>	<u>1,739</u>
<b>TREASURER</b>			
Salary		30,643	
Deputy salary		3,914	
Professional development		390	
Health insurance		6,427	
Payroll taxes		<u>2,747</u>	
Total treasurer	<u>47,211</u>	<u>44,121</u>	<u>3,090</u>
<b>BUILDING AND GROUNDS</b>			
Salary		1,607	
Supplies		755	
Janitorial services		4,131	
Payroll taxes		440	
Grounds maintenance		9,525	
Building maintenance		975	
Building improvements		975	
Land contract - principal		11,912	
Land contract - interest		<u>224</u>	
Total building and grounds	<u>68,365</u>	<u>30,544</u>	<u>37,821</u>

WEBSTER TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
UNALLOCATED			
Salaries	\$	\$ 65,378	\$
Temporary employment services		80	
Payroll taxes		5,177	
Retirement		2,300	
Health insurance		14,246	
Supplies		3,709	
Postage		5,541	
Membership and dues		628	
Legal services		57,099	
Audit fees		8,000	
Contractual services		13,992	
Drains		4,545	
Insurance and bonds		22,839	
Mileage		2,596	
Printing and publishing		277	
Utilities		9,778	
Equipment maintenance and repair		1,786	
Public relations		4,609	
Professional development		975	
Computer supplies		2,800	
Miscellaneous		4,478	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total unallocated	<u>291,508</u>	<u>230,833</u>	<u>60,675</u>
PLANNING AND ZONING			
Salaries		78,602	
Per diems		18,815	
Payroll taxes		7,544	
Contractual services		23,513	
Retirement		1,200	
Health insurance		16,384	
Mileage		1,537	
Printing and publishing		205	
Professional development		1,085	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total planning and zoning	<u>192,919</u>	<u>148,885</u>	<u>44,034</u>
ROADS	<u>315,000</u>	<u>269,257</u>	<u>45,743</u>
SOLID WASTE MANAGEMENT	<u>15,000</u>	<u>1,171</u>	<u>13,829</u>
PARKS AND RECREATION	<u>10,000</u>	<u>38</u>	<u>9,962</u>
Total expenditures	<u>\$ 1,182,953</u>	<u>\$ 940,959</u>	<u>\$ 241,994</u>

PUBLIC SAFETY  
FUND

WEBSTER TOWNSHIP  
PUBLIC SAFETY FUND  
BALANCE SHEET  
MARCH 31, 2007

ASSETS

ASSETS

Cash	\$ 613,504
Taxes receivable	35,561
Due from others	<u>1,042</u>

Total assets

\$ 650,107

FUND BALANCE

FUND BALANCE

\$ 650,107

WEBSTER TOWNSHIP  
PUBLIC SAFETY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 730,847	\$
District court fees		7,071	
Interest income		<u>11,201</u>	
Total revenues	724,030	749,119	25,089
EXPENDITURES	<u>475,779</u>	<u>468,599</u>	<u>7,180</u>
Net change in fund balance	248,251	280,520	32,269
FUND BALANCE, APRIL 1, 2006	<u>369,587</u>	<u>369,587</u>	
FUND BALANCE, MARCH 31, 2007	<u>\$ 617,838</u>	<u>\$ 650,107</u>	<u>\$ 32,269</u>

WEBSTER TOWNSHIP  
PUBLIC SAFETY FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
NEIGHBORHOOD WATCH	\$ 600	\$ 600	\$
POLICE PROTECTION			
Contracted services		194,087	
Utilities		621	
Total police protection	196,982	194,708	2,274
FIRE PROTECTION			
Contracted services		270,901	
Fees		1,870	
Payroll taxes		143	
Total fire protection	275,151	272,914	2,237
UNALLOCATED			
Miscellaneous		331	
Payroll fees		46	
Total unallocated	3,046	377	2,669
Total expenditures	\$ 475,779	\$ 468,599	\$ 7,180

DEVELOPMENT  
RIGHTS  
FUND

WEBSTER TOWNSHIP  
DEVELOPMENT RIGHTS FUND  
BALANCE SHEET  
FOR THE YEAR ENDED MARCH 31, 2007

ASSETS

ASSETS

Cash	\$ 339,306
Taxes receivable	<u>9,210</u>

Total assets		<u>\$ 348,516</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 688
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FUND BALANCE

<u>347,828</u>
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Total liabilities and fund balance		<u>\$ 348,516</u>
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WEBSTER TOWNSHIP  
DEVELOPMENT RIGHTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$	\$ 182,693	
Interest income		<u>8,396</u>	
Total revenues	<u>183,132</u>	<u>191,089</u>	<u>7,957</u>
<b>EXPENDITURES</b>			
Contracted services		9,840	
Legal fees		675	
Other		<u>798</u>	
Total expenditures	<u>30,700</u>	<u>11,313</u>	<u>19,387</u>
Net change in fund balance	152,432	179,776	27,344
FUND BALANCE, APRIL 1, 2006	<u>168,052</u>	<u>168,052</u>	
FUND BALANCE, MARCH 31, 2007	<u>\$ 320,484</u>	<u>\$ 347,828</u>	<u>\$ 27,344</u>

CAPITAL  
IMPROVEMENT  
FUND

WEBSTER TOWNSHIP  
CAPITAL IMPROVEMENT FUND  
BALANCE SHEET  
MARCH 31, 2007

ASSETS

ASSETS

Cash	\$ 176,905
Interest receivable	<u>1,757</u>

Total assets

\$ 178,662

FUND BALANCE

FUND BALANCE

\$ 178,662

WEBSTER TOWNSHIP  
 CAPITAL IMPROVEMENT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED MARCH 31, 2007

REVENUES		
Interest income		\$ 3,670
EXPENDITURES		
Miscellaneous		<u>8</u>
Excess of revenues over expenditures		3,662
OTHER FINANCING SOURCES		
Transfers in		<u>175,000</u>
Net change in fund balance		178,662
FUND BALANCE, APRIL 1, 2006		<u>          </u>
FUND BALANCE, MARCH 31, 2007		<u><u>\$ 178,662</u></u>

CURRENT TAX  
COLLECTION  
FUND

WEBSTER TOWNSHIP  
CURRENT TAX COLLECTION FUND  
BALANCE SHEET  
MARCH 31, 2007

ASSETS

ASSETS  
Cash

\$ 23,162

LIABILITIES

LIABILITIES  
Due to other funds

\$ 23,162

TRUST AND AGENCY  
FUND

WEBSTER TOWNSHIP  
TRUST AND AGENCY FUND  
BALANCE SHEET  
MARCH 31, 2007

ASSETS

ASSETS  
Cash

\$ 10,687

LIABILITIES

LIABILITIES  
Due to other funds  
Due to others

\$ 3,106  
7,581

Total liabilities

\$ 10,687

DEVELOPER  
ESCROW  
FUND

WEBSTER TOWNSHIP  
DEVELOPER ESCROW FUND  
BALANCE SHEET  
MARCH 31, 2007

ASSETS

ASSETS  
Cash

\$ 57,515

LIABILITIES

LIABILITIES

Due to other funds  
Performance deposits

\$ 3,660  
53,855

Total liabilities

\$ 57,515

WEBSTER TOWNSHIP

COMMENTS  
AND  
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2007



**PFEFFER ■ HANNIFORD ■ PALKA**  
*Certified Public Accountants*

**John M. Pfeffer, C.P.A.**  
**Patrick M. Hanniford, C.P.A.**  
**Kenneth J. Palka, C.P.A.**

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**(810) 229-5550**  
**FAX (810) 229-5578**

May 20, 2007

Board of Trustees  
Webster Township  
5665 Webster Church Road  
Dexter, Michigan 48130

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of Webster Township for the year ended March 31, 2007, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows:

1. COMMENT

The Township has adopted a policy providing post retirement benefits to an eligible employee.

RECOMMENDATION

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post-employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2009. This will also require an actuarial calculation to be completed at least once every three years.

2. COMMENT

It was difficult to determine if deposits were being made timely due to a lack of audit trail.

RECOMMENDATION

The Township should date stamp all items and remittances received.

3. COMMENT

Trust and agency expenditures are being paid from the General Fund.

RECOMMENDATION

The Trust and Agency Fund is reimbursing the General Fund for these expenditures, but is difficult to track. This also is increasing the risk that the General Fund would pay for items related to a developer's project. The Township should consider paying these expenses directly from the Trust and Agency Fund using the developer's initial deposits.

4. COMMENT

Not all invoices indicated which check was used to pay the goods/services.

RECOMMENDATION

In order to avoid double payment for these expenditures, the Township should indicate on every invoice what check was used to pay for these goods/services.

5. COMMENT

No detail was available in the minutes for the creation of the Capital Improvement Fund.

RECOMMENDATION

When the Township wishes to create a new fund the Township Board should indicate in the minutes what this fund will be used for, adopt a budget, and approve any related transfers in its initial creation.

6. COMMENT

The Township made a contribution to an area nonprofit historical group.

RECOMMENDATION

The State of Michigan does not allow general contributions, but does allow payments to nonprofit organizations in return for services provided.

7. COMMENT

We noticed an instance in which a reimbursement was made to an employee at the Township, and was paid without a supervisor's signature to the request for reimbursement.

RECOMMENDATION

All reimbursement requests should be reviewed and signed by a supervisor with all the detail attached to their request.

This letter does not affect our report dated May 18, 2007 on the financial statements of Webster Township.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants