

---

**WRIGHT TOWNSHIP  
HILLSDALE COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
MARCH 31, 2011**

---

**WRIGHT TOWNSHIP  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2011**

---

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report	1 - 2
Management Discussion and Analysis	3 - 8
Government – Wide Statement of Net Assets	9
Government – Wide Statement of Activities	10 - 11
Governmental Fund Balance Sheet	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	13
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Fund Statement of Net Assets	16
Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets	17
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Assets of Enterprise Funds to the Statement of Activities	18
Proprietary Fund Statement of Cash Flows	19 – 20
Fiduciary Funds Statement of Net Assets	21
Notes to Financial Statements	22 - 35
<b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
Budgetary Comparison Schedule – General Fund	36
Budgetary Comparison Schedule – Fire Fund (Major Special Revenue Fund)	37
Budgetary Comparison Schedule – Road Fund (Major Special Revenue Fund)	38

**WRIGHT TOWNSHIP  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2011**

---

**TABLE OF CONTENTS (Continued)**

	<u>PAGE</u>
<b><u>OTHER ADDITIONAL INFORMATION</u></b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	39 – 40
Schedule of Findings	41 – 42

# PHILIP R. RUBLEY

– Certified Public Accountant –

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

July 30, 2011

Township Board  
Wright Township  
Hillsdale County  
112 E. Center St.  
Waldron, MI 49288

## INDEPENDENT AUDITOR'S REPORT

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 the Wright Township, Waldron, Michigan as of and for the year ended March 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wright Township, Waldron, Michigan, management. Our responsibility is to express 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Wright Township, Waldron, Michigan, as of March 31, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2011, on our consideration of the Wright Township, Waldron, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

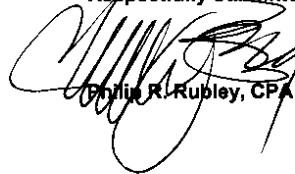
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 3 through 8 and 36 through 38 be presented to supplement the basic financial statements.

**Wright Township  
July 30, 2011**

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wright Township, Waldron, Michigan's financial statements as a whole.

**Respectfully Submitted,**



Phillip R. Rubley, CPA

PRR/cab

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2011**

---

**Using This Annual Report**

The 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 Wright Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**Overview Of The Financial Statements**

The Township's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The Township maintains 3 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road fund and fire fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Proprietary Funds.** The Township maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. This fund accounts for their sewer fund activity.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2011**

---

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories; governmental funds, proprietary fund and fiduciary fund.

**Notes To The Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, other functions and interest expense.

**Other Information**

The Township has reported under required supplementation information, information about the General Fund and Major Type Funds, and Combining Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Type Governmental Funds.

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2011**

---

**The Township As A Whole**

The Township's net assets for the year ended March 31, 2011 decreased by 2.89% over the prior year.

The governmental activities reflect net assets of \$861,627 and the business-type activities reflect net assets of \$3,680,894.

The Township's net assets reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire these assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2011**

<b>WRIGHT TOWNSHIP NET ASSETS</b>		
<b><u>Governmental Activities</u></b>		
	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Revenue</u></b>		
Program Revenue:		
Charges for Services	\$158,123	\$143,747
Operating Grants and Contributions	---	3,852
Capital Grants and Contributions	---	---
General Revenue:		
Property Taxes and Special Assessments	136,239	139,952
Grants and Contributions Not Restricted To Specific Program	83,313	73,855
Interest and Rentals Earnings	<u>5,469</u>	<u>5,880</u>
<b>Total Revenue</b>	<b><u>383,144</u></b>	<b><u>367,286</u></b>
<b><u>Expenses</u></b>		
General Government	81,673	82,043
Public Safety	120,541	111,637
Public Works	216,142	59,395
Other Functions	10,624	13,500
Community and Economic Development	<u>500</u>	<u>---</u>
<b>Total Expenses</b>	<b><u>429,480</u></b>	<b><u>266,575</u></b>
<b>Increase (Decrease) In Net Assets</b>	<b>(46,336)</b>	<b>100,711</b>
<b>Net Assets Beginning of Year</b>	<b><u>907,963</u></b>	<b><u>870,252</u></b>
<b>Net Assets End of Year</b>	<b><u>\$861,627</u></b>	<b><u>\$907,963</u></b>
	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Assets</u></b>		
Current and Other Assets	\$611,810	\$627,226
Capital Assets	<u>249,817</u>	<u>281,022</u>
<b>Total Assets</b>	<b><u>\$861,627</u></b>	<b><u>\$908,248</u></b>
<b><u>Liabilities</u></b>		
Long-Term Liabilities Outstanding	\$ ---	\$ ---
Other Liabilities	<u>---</u>	<u>285</u>
<b>Total Liabilities</b>	<b><u>---</u></b>	<b><u>285</u></b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	249,817	281,022
Unrestricted	218,921	218,669
Restricted	<u>392,889</u>	<u>408,272</u>
<b>Total Net Assets</b>	<b><u>\$861,627</u></b>	<b><u>\$907,963</u></b>

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2011**

<b>WRIGHT TOWNSHIP NET ASSETS</b>		
<b><u>Business-Type Activities</u></b>		
	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Non-Operating Revenue</u></b>		
Special Assessments and Usage Fees	\$ 72,903	\$ 51,229
Grants and Contributions	---	---
Interest Income	<u>3,664</u>	<u>2,573</u>
<b>Total Non-Operating Revenue</b>	<u>76,567</u>	<u>53,802</u>
<b><u>Non-Operating Expenses</u></b>		
Interest Expense/Bond Issuance Costs	50,582	52,035
Other	<u>114,972</u>	<u>158,759</u>
<b>Total Non-Operating Expense</b>	<u>165,554</u>	<u>210,794</u>
<b>Increase (Decrease) In Net Assets</b>	(88,987)	(156,992)
<b>Net Assets Beginning of Year</b>	<u>3,769,881</u>	<u>3,926,873</u>
<b>Net Assets End of Year</b>	<u>\$3,680,894</u>	<u>\$3,769,881</u>
	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Assets</u></b>		
Current and Other Assets	\$1,139,452	\$1,182,827
Capital Assets	<u>3,685,464</u>	<u>3,763,211</u>
<b>Total Assets</b>	<u>\$4,824,916</u>	<u>\$4,946,038</u>
<b><u>Liabilities</u></b>		
Long-Term Liabilities Outstanding	\$1,140,000	\$1,172,000
Other Liabilities	<u>4,022</u>	<u>4,157</u>
<b>Total Liabilities</b>	<u>1,144,022</u>	<u>1,176,157</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	2,545,464	2,591,211
Unrestricted	936,245	1,018,420
Restricted	<u>199,185</u>	<u>160,250</u>
<b>Total Net Assets</b>	<u>\$3,680,894</u>	<u>\$3,769,881</u>

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2011**

---

**Government Activities**

Government activities (decreased) the Township's net assets by \$(46,336).

**The Township's Funds**

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

**General Fund Budgetary Highlights**

There are no significant differences between the original budget and amended budget.

**Capital Assets And Debt Administration**

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2011, amounted to \$3,935,281 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment.

Long-term debt of the Township decreased by \$32,000 (see Note 7 of the basic financial statements).

**Economic Factors And Next Year's Budget And Rates**

The Township's budget for 2011-2012 fiscal year has taken in consideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses.

**Contacting The Townships 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 at 112 Water St., Waldron, Michigan 49288.

**WRIGHT TOWNSHIP**  
**Government-wide Statement of Net Assets**  
**March 31, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$580,673	\$ 168,899	\$ 749,572
Receivables - Net	23,822	721,150	744,972
Prepaid Items and Other Assets	7,315	249,403	256,718
Capital Assets Not Being Depreciated	31,500	57,000	88,500
Capital Assets Being Depreciated - Net	<u>218,317</u>	<u>3,628,464</u>	<u>3,846,781</u>
<b>Total Assets</b>	<b><u>\$861,627</u></b>	<b><u>\$4,824,916</u></b>	<b><u>\$5,686,543</u></b>
<b><u>Liabilities</u></b>			
Accounts Payable and Accrued Expenses	\$ ---	\$ 4,022	\$ 4,022
Long-Term Liabilities:			
Due Within One Year	---	32,000	32,000
Due In More Than One Year	<u>---</u>	<u>1,108,000</u>	<u>1,108,000</u>
<b>Total Liabilities</b>	<b><u>---</u></b>	<b><u>1,144,022</u></b>	<b><u>1,144,022</u></b>
<b><u>Net Assets</u></b>			
Invested In Capital Assets, Net of Related Debt	249,817	2,545,464	2,795,281
Unrestricted	218,921	936,245	1,155,166
Restricted	<u>392,889</u>	<u>199,185</u>	<u>592,074</u>
<b>Total Net Assets</b>	<b><u>\$861,627</u></b>	<b><u>\$3,680,894</u></b>	<b><u>\$4,542,521</u></b>

**WRIGHT TOWNSHIP**  
**Government-wide Statement of Activities**  
**For The Year Ended March 31, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expenses) Revenues</u>
<b><u>Governmental Activities:</u></b>					
General Government	\$ 81,673	\$ 19,041	\$ ---	\$ ---	\$ (62,632)
Public Safety	120,541	134,450	---	---	13,909
Public Works	216,142	4,632	---	---	(211,510)
Other Functions	10,624	---	---	---	(10,624)
Community and Economic Development	<u>500</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(500)</u>
<b>Total Governmental Activities</b>	<u>429,480</u>	<u>158,123</u>	<u>---</u>	<u>---</u>	<u>(271,357)</u>
<b><u>Business-Type Activities:</u></b>					
Utilities	114,972	72,903	---	---	(42,069)
Interest on Long-Term Debt	<u>50,582</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(50,582)</u>
<b>Total Business-Type Activities</b>	<u>165,554</u>	<u>72,903</u>	<u>---</u>	<u>---</u>	<u>(92,651)</u>
<b>Total</b>	<u>\$595,034</u>	<u>\$231,026</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (364,008)</u>

**WRIGHT TOWNSHIP**  
**Government-wide Statement Of Activities (Concluded)**  
**For The Year Ended March 31, 2011**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Changes In Net Assets</b>			
Net Revenue (Expense) Revenue	\$ (271,357)	\$ (92,651)	\$ (364,008)
General Revenues:			
Property Taxes and Assessments	136,239	---	136,239
Grants and Contributions Not Restricted To Specific Programs	83,313	---	83,313
Unrestricted Investment Earnings and Rentals	<u>5,469</u>	<u>3,664</u>	<u>9,133</u>
<b>Total General Revenues, Contributions and Transfers</b>	<u>225,021</u>	<u>3,664</u>	<u>228,685</u>
<b>Change In Net Assets (Decrease)</b>	(46,336)	(88,987)	(135,323)
<b>Net Assets, Beginning of Year</b>	<u>907,963</u>	<u>3,769,881</u>	<u>4,677,844</u>
<b>Net Assets, End of Year</b>	<u>\$ 861,627</u>	<u>\$3,680,894</u>	<u>\$4,542,521</u>

The notes to financial statements are an integral part of this statement.

**WRIGHT TOWNSHIP  
Governmental Funds  
Balance Sheet  
March 31, 2011**

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Road Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and Cash				
Equivalents	\$172,484	\$256,199	\$151,990	\$580,673
Prepaid Expenses	3,894	1,130	---	5,024
Receivables - Net	18,085	298	5,439	23,822
Due From Other Funds	24,365	---	---	24,365
	<u>218,828</u>	<u>257,627</u>	<u>157,429</u>	<u>633,884</u>
<b>Total Assets</b>	<b>\$218,828</b>	<b>\$257,627</b>	<b>\$157,429</b>	<b>\$633,884</b>
<b>Liabilities</b>				
Accounts Payable/ Accrued Liabilities	\$ ---	\$ ---	\$ ---	\$ ---
Deferred Revenue	112	---	93	205
Due to Other Funds	---	---	22,074	22,074
	<u>112</u>	<u>---</u>	<u>22,167</u>	<u>22,279</u>
<b>Total Liabilities</b>	<b>112</b>	<b>---</b>	<b>22,167</b>	<b>22,279</b>
<b>Fund Balances</b>				
Unreserved	<u>218,716</u>	<u>257,627</u>	<u>135,262</u>	<u>611,605</u>
<b>Total Fund Balances</b>	<b>218,716</b>	<b>257,627</b>	<b>135,262</b>	<b>611,605</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$218,828</b>	<b>\$257,627</b>	<b>\$157,429</b>	<b>\$633,884</b>

**WRIGHT TOWNSHIP**  
**Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds**  
**To Net Assets Of Governmental Activities On The Statement of Net Assets**  
**March 31, 2011**

---

<b>Fund Balances – Total Governmental Funds</b>	\$ 611,605
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
<b>Add:</b> Capital Assets	611,764
<b>Deduct:</b> Accumulated Depreciation	(361,947)
Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.	
<b>Add:</b> Deferred Revenue	<u>205</u>
<b>Net Assets of Governmental Activities</b>	<u>\$ 861,627</u>

**WRIGHT TOWNSHIP**  
**Governmental Funds**  
**Statement of Revenue, Expenditures, and Charges in Fund Balances**  
**March 31, 2011**

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Road Fund</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
Taxes and Assessments	\$ 41,157	\$ ---	\$ 95,009	\$136,166
Intergovernmental	83,313	---	---	83,313
Licenses and Permits	200	---	---	200
Charges for Services	18,584	124,065	---	142,649
Interest	2,918	2,468	83	5,469
Other	5,089	10,185	---	15,274
<b>Total Revenues</b>	<b><u>\$151,261</u></b>	<b><u>\$136,718</u></b>	<b><u>\$ 95,092</u></b>	<b><u>\$383,071</u></b>
<b><u>Expenditures</u></b>				
Current:				
General Government	\$ 79,798	\$ ---	\$ ---	\$ 79,798
Public Safety	12,000	71,394	---	83,394
Public Works	48,160	---	167,982	216,142
Capital Outlay	---	7,817	---	7,817
Other Functions	10,624	---	---	10,624
Community & Economic Development	500	---	---	500
<b>Total Expenditures</b>	<b><u>151,082</u></b>	<b><u>79,211</u></b>	<b><u>167,982</u></b>	<b><u>398,275</u></b>
<b>Net Changes in Fund Balance (Decrease)</b>	<b><u>179</u></b>	<b><u>57,507</u></b>	<b><u>(72,890)</u></b>	<b><u>(15,204)</u></b>
<b>Fund Balances – Beginning of Year</b>	<b><u>218,537</u></b>	<b><u>200,120</u></b>	<b><u>208,152</u></b>	<b><u>626,809</u></b>
<b>Fund Balances – End of Year</b>	<b><u>\$218,716</u></b>	<b><u>\$257,627</u></b>	<b><u>\$135,262</u></b>	<b><u>\$611,605</u></b>

The notes to financial statements are an integral part of this statement.

**WRIGHT TOWNSHIP**  
**Reconciliation Of The Statement Of Revenues, Expenditures,**  
**And Changes In Fund Balances Of Governmental Statement Of Activities**  
**March 31, 2011**

---

<b>Net Change In Fund Balances – Total Governmental Funds (Decrease)</b>	\$ (15,204)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
<b>Deduct:</b> Depreciation Expense	(39,022)
Capital assets used in governmental activities are added back to the governmental activities and depreciated.	
<b>Add:</b> Capital Assets	7,817
<b>Deduct:</b> Other adjustments from fund statements to government-wide statements	<u>73</u>
<b>Change In Net Assets Of Governmental Activities</b>	<u>\$ (46,336)</u>

**WRIGHT TOWNSHIP**  
**Statement of Net Assets**  
**Proprietary Funds**  
**March 31, 2011**

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Sewer Fund</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 6,164
Investments - Certificate of Deposits	162,735
Accounts Receivable	4,347
Special Assessment Receivable	77,656
Due from County - Delinquent Special Assessments	13,535
Bond Issuance Costs - Current Portion	1,758
Due From Tax Collection Fund	<u>6,303</u>
<b>Total Current Assets</b>	<u>272,498</u>
Noncurrent Assets:	
Capital Assets (Net of Depreciation)	3,685,464
Special Assessment Receivable	625,612
Bond Issuance Costs	59,757
Cash - Restricted - Retirement	148,916
Cash - Restricted - Reserve	<u>32,669</u>
<b>Total Noncurrent Assets</b>	<u>4,552,418</u>
<b>Total Assets</b>	<u>\$4,824,916</u>
<b><u>Liabilities</u></b>	
Current Liabilities:	
Accrued Liabilities	\$ 4,022
Special Assessment Bonds, Series 2006 - Current Portion	<u>32,000</u>
<b>Total Current Liabilities</b>	<u>36,022</u>
Long-Term Liabilities:	
Special Assessment Bonds, Series 2006	<u>1,108,000</u>
<b>Total Liabilities</b>	<u>1,144,022</u>
<b><u>Net Assets</u></b>	
Invested in Capital Assets, Net of Related Debt	2,545,464
Restricted - Retirement	148,916
Restricted - Reserve	50,269
Unrestricted	<u>936,245</u>
<b>Total Net Assets</b>	<u>3,680,894</u>
<b>Net Assets of Business-Type Activities on the Government-Wide Statement of Net Assets</b>	<u>\$3,680,894</u>

The notes to financial statements are an integral part of this statement.

**WRIGHT TOWNSHIP**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For The Year Ended March 31, 2011**

---

	<b>Business-Type Activities - Enterprise Fund</b>
	<b><u>Sewer Fund</u></b>
<b><u>Operating Revenues</u></b>	
Sewer Usage Fees	\$ 42,768
<b>Total Operating Revenues</b>	<u>42,768</u>
<b><u>Operating Expenses</u></b>	
Operating and Maintenance	35,467
Depreciation	77,747
Other	<u>1,758</u>
<b>Total Operating Expenses</b>	<u>114,972</u>
<b>Operating (Loss)</b>	<u>(72,204)</u>
<b><u>Non-Operating Revenues/Expenses</u></b>	
Interest Income	3,664
Interest Expense	(50,582)
Other Income	<u>30,135</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(16,783)</u>
<b>Change in Net Assets (Decrease)</b>	(88,987)
<b>Net Assets, Beginning of Year</b>	<u>3,769,881</u>
<b>Net Assets, End of Year</b>	<u>\$3,680,894</u>

The notes to financial statements are an integral part of this statement.

**WRIGHT TOWNSHIP**  
**Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities**  
**March 31, 2011**

---

<b>Change In Net Assets – All Enterprise Funds (Decrease)</b>	\$(88,987)
No additional adjustments	<u>---</u>
<b>Change In Net Assets Of Business-Type Activities</b>	<u><b>\$(88,987)</b></u>

**WRIGHT TOWNSHIP**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended March 31, 2011**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b><u>Sewer Fund</u></b>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>	
Sewer Usage Fees	\$ 46,391
Other Income	30,135
Expenses Incurred	<u>(37,225)</u>
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>39,301</u>
 <b><u>Cash Flows From Investing Activities</u></b>	
Investment Income	3,312
Purchase of Capital Assets	<u>---</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>3,312</u>
 <b><u>Cash Flows From Financing Activities</u></b>	
Bond Issuance Costs	1,758
Special Assessment Bonds, Principal Payments	(32,000)
Special Assessment Receivable	97,214
Restricted and Reserve Cash	(21,335)
Special Assessment Bonds, Interest Payments	(50,718)
Investments - Certificate of Deposits	(162,735)
Taxes Receivable	<u>60,885</u>
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>(106,931)</u>
 <b>Net Increase in Cash and Cash Equivalents</b>	 (64,318)
 <b>Cash and Cash Equivalents, Beginning of Year</b>	 <u>70,482</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 6,164</u></b>
 <b>Reconciliation to Statement of Net Assets</b>	
Cash and Cash Equivalents	<u>\$ 6,164</u>

The notes to financial statements are an integral part of this statement.

**WRIGHT TOWNSHIP**  
**Statement of Cash Flows (Concluded)**  
**Proprietary Funds**  
**For The Year Ended March 31, 2011**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b><u>Sewer Fund</u></b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>	
<b><u>to Net Cash Provided by Operating Activities:</u></b>	
Operating (Loss)	\$ (88,987)
Depreciation	77,747
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Accrued Liabilities	(135)
Current Assets	<u>64,155</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>52,780</u>
 <b><u>Cash Flows From Investing Activities:</u></b>	
Purchase of Capital Assets	<u>---</u>
<b>Net Cash (Used) from Investing Activities</b>	<u>---</u>
 <b><u>Cash Flows From Financing Activities:</u></b>	
Special Assessment Bonds, Principal Payments	(32,000)
Special Assessment Receivable	97,214
Bond Issuance Costs	1,758
Restricted and Reserve Cash	(21,335)
Investments - Certificate of Deposits	<u>(162,735)</u>
<b>Net Cash (Used) from Financing Activities</b>	<u>(117,098)</u>
 <b>Net Increase in Cash and Cash Equivalents</b>	 (64,318)
 <b>Cash and Cash Equivalents, Beginning of Year</b>	 <u>70,482</u>
 <b>Cash and Cash Equivalents, End of Year</b>	 <u>\$ 6,164</u>

The notes to financial statements are an integral part of this statement.

**WRIGHT TOWNSHIP**  
**Statement of Net Assets**  
**Fiduciary Fund**  
**March 31, 2011**

---

	<b>Current Tax Collection Fund</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	<u>\$8,594</u>
<b>Total Assets</b>	<u>\$8,594</u>
<b><u>Liabilities</u></b>	
Due to Other Funds	<u>\$8,594</u>
<b>Total Liabilities</b>	<u>\$8,594</u>

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Wright Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

**A. Reporting Entity**

Wright Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the 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 are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

---

Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**The General Fund** - is the government'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 Road Fund** - is a special revenue fund that receives monies for road maintenance and repair thru tax revenues assessed.

**The Fire Fund** - is a special revenue fund that receives monies for contractual services and charges for the purpose of providing fire protection and Advanced and Basic Life Support Services to the community.

The government reports the following major proprietary fund:

**The Sewer Fund (Utilities)** - is a proprietary type fund which accounts for activities of the government's waste water system.

Additionally, the government reports the following fund types:

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities fund are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

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

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

---

**D. 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, Liabilities, and Net Assets or Equity**

1. **Bank Deposits and Investment** – Cash and cash equivalents are considered to be 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.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is 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."

3. **Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Inventories** – All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. **Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

---

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Utility Systems	50 - 100
Infrastructure	15 - 100
Vehicles	5 - 15

6. **Long-Term Obligations** - In the government-wide financial statements, and 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.
7. **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.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. **Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

**B. Excess of Expenditures Over Appropriations in Budgeted Funds** - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2011, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows.

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>General Fund</u>			
Supervisor	\$ 6,020	\$ 6,123	\$ 103
Drains	8,000	45,819	37,819
Spring Clean Up	---	1,273	1,273
Library	---	500	500
<u>Road Fund</u>			
Dust Control	22,500	25,200	2,700

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The Township has the following deposits which are carried at cost plus interest. The Township does not have a deposit policy. The Township investments are in accordance with statutory authority.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$500,000
Uninsured and Uncollateralized	<u>258,166</u>
	<u>\$758,166</u>

The above deposits include the tax collection fund of \$8,594.

**CUSTODIAL CREDIT RISK – DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2011 - \$258,166 of the Township's bank balance of \$758,166 was exposed to custodial risk.

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

<b>Statement of Net Assets:</b>	
Cash and Cash Equivalents	\$749,572
<b>Add:</b> Tax Collection Fund	<u>8,594</u>
<b>Total</b>	<u>\$758,166</u>

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Decreases</u>	<u>Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 31,500	\$ ---	\$ ---	\$ 31,500
<b>Total Capital Assets Not Being Depreciated</b>	<u>31,500</u>	<u>---</u>	<u>---</u>	<u>31,500</u>
Capital Assets, Being Depreciated:				
Buildings	117,112	---	---	117,112
Vehicles	155,000	---	---	155,000
Equipment	300,335	7,817	---	308,152
<b>Total Capital Assets Being Depreciated</b>	<u>572,447</u>	<u>7,817</u>	<u>---</u>	<u>580,264</u>
Less Accumulated Depreciation For:				
Buildings	(59,062)	(2,885)	---	(61,947)
Vehicles	(108,500)	(15,500)	---	(124,000)
Equipment	(155,363)	(20,637)	---	(176,000)
<b>Total Accumulated Depreciation</b>	<u>(322,925)</u>	<u>(39,022)</u>	<u>---</u>	<u>(361,947)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>249,522</u>	<u>(31,205)</u>	<u>---</u>	<u>218,317</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 281,022</u>	<u>\$ (31,205)</u>	<u>\$ ---</u>	<u>\$ 249,817</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 57,000	\$ ---	\$ ---	\$ 57,000
<b>Total Capital Assets Not Being Depreciated</b>	<u>57,000</u>	<u>---</u>	<u>---</u>	<u>57,000</u>
Capital Assets, Being Depreciated:				
Sewer System	3,887,353	---	---	3,887,353
<b>Total Capital Assets Being Depreciated</b>	<u>3,887,353</u>	<u>---</u>	<u>---</u>	<u>3,887,353</u>
Less Accumulated Depreciation For:				
Sewer System	(181,142)	(77,747)	---	(258,889)
<b>Total Accumulated Depreciation</b>	<u>(181,142)</u>	<u>(77,747)</u>	<u>---</u>	<u>(258,889)</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>3,706,211</u>	<u>(77,747)</u>	<u>---</u>	<u>3,628,464</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$3,763,211</u>	<u>\$ (77,747)</u>	<u>\$ ---</u>	<u>\$3,685,464</u>

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

---

Depreciation expense was charged to functions/programs of the Township as follows:

<b><u>Governmental Activities:</u></b>	
General Government	\$ 1,875
Public Safety	<u>37,147</u>
<b>Total Depreciation Expense</b>	
<b>Governmental Activities</b>	<b><u>\$39,022</u></b>
<b><u>Business-Type Activities:</u></b>	
Utilities	<u>\$77,747</u>
<b>Total Depreciation Expense</b>	
<b>Business-Type Activities</b>	<b><u>\$77,747</u></b>

**NOTE 5 – PROPERTY TAXES**

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

Property taxes attach as an enforceable lien on the property as of January 1.

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

**NOTE 6 – LONG-TERM DEBT**

Special Assessment Bonds, Series 2006 - United States Department of Agriculture (Rural Development) No. 1 (92-03).

Purpose: Sanitary Sewer Improvements - Lime Lake/Prattville.  
 Date of Note: April 13, 2006.  
 Interest Rate: 4.375% per annum, payable on September 1 and March 1 each year.  
 Principle Payable: March 1 in accordance with schedule below.  
 Amount of Issue: \$796,000.

<u>Payment Date</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
September 1, 2011	\$ 15,444	\$ 15,444	\$ ---
March 1, 2012	35,444	15,444	20,000
September 1, 2012	15,006	15,006	---
March 1, 2013	35,006	15,006	20,000
September 1, 2013	14,569	14,569	---
March 1, 2014	34,569	14,569	20,000
September 1, 2014	14,131	14,131	---
March 1, 2015	34,131	14,131	20,000
September 1, 2015	13,694	13,694	---
March 1, 2016	33,694	13,694	20,000
September 1, 2016	13,256	13,256	---
March 1, 2017	33,256	13,256	20,000
September 1, 2017	12,819	12,819	---
March 1, 2018	32,819	12,819	20,000
September 1, 2018	12,381	12,381	---
March 1, 2019	32,381	12,381	20,000
September 1, 2019	11,944	11,944	---
March 1, 2020	31,944	11,944	20,000
September 1, 2020	11,506	11,506	---
March 1, 2021	31,506	11,506	20,000
September 1, 2021	11,069	11,069	---
March 1, 2022	31,069	11,069	20,000
September 1, 2022	10,631	10,631	---
March 1, 2023	30,631	10,631	20,000
September 1, 2023	10,194	10,194	---
March 1, 2024	30,194	10,194	20,000
September 1, 2024	9,756	9,756	---
March 1, 2025	29,756	9,756	20,000
September 1, 2025	9,319	9,319	---
March 1, 2026	29,319	9,319	20,000
September 1, 2026	8,881	8,881	---
March 1, 2027	28,881	8,881	20,000
September 1, 2027	8,444	8,444	---
March 1, 2028	28,444	8,444	20,000
September 1, 2028	8,006	8,006	---
March 1, 2029	28,006	8,006	20,000
September 1, 2029	7,569	7,569	---

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

<u>Payment Date</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
March 1, 2030	27,569	7,569	20,000
September 1, 2030	7,131	7,131	---
March 1, 2031	27,131	7,131	20,000
September 1, 2031	6,694	6,694	---
March 1, 2032	26,694	6,694	20,000
September 1, 2032	6,256	6,256	---
March 1, 2033	26,256	6,256	20,000
September 1, 2033	5,819	5,819	---
March 1, 2034	25,819	5,819	20,000
September 1, 2034	5,381	5,381	---
March 1, 2035	25,381	5,381	20,000
September 1, 2035	4,944	4,944	---
March 1, 2036	24,944	4,944	20,000
September 1, 2036	4,506	4,506	---
March 1, 2037	24,506	4,506	20,000
September 1, 2037	4,069	4,069	---
March 1, 2038	24,069	4,069	20,000
September 1, 2038	3,631	3,631	---
March 1, 2039	23,631	3,631	20,000
September 1, 2039	3,194	3,194	---
March 1, 2040	23,194	3,194	20,000
September 1, 2040	2,756	2,756	---
March 1, 2041	23,756	2,756	21,000
September 1, 2041	2,297	2,297	---
March 1, 2042	23,297	2,297	21,000
September 1, 2042	1,837	1,837	---
March 1, 2043	22,837	1,837	21,000
September 1, 2043	1,378	1,378	---
March 1, 2044	22,378	1,378	21,000
September 1, 2044	919	919	---
March 1, 2045	21,919	919	21,000
September 1, 2045	459	459	---
March 1, 2046	21,459	459	21,000
	<u>\$1,265,780</u>	<u>\$559,780</u>	<u>\$706,000</u>

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

---

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

Special Assessment Bonds, Series 2006 - United States Department of Agriculture (Rural Development) No. 2 (92-05).

Purpose: Sanitary Sewer Improvements - Lime Lake/Prattville.  
Date of Note: April 13, 2006.  
Interest Rate: 4.25% per annum, payable on September 1 and March 1 each year.  
Principle Payable: March 1 in accordance with schedule below.  
Amount of Issue: \$488,000.

<u>Payment Date</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
September 1, 2011	\$ 9,222	\$ 9,222	\$ ---
March 1, 2012	21,222	9,222	12,000
September 1, 2012	8,967	8,967	---
March 1, 2013	20,967	8,967	12,000
September 1, 2013	8,712	8,712	---
March 1, 2014	20,712	8,712	12,000
September 1, 2014	8,457	8,457	---
March 1, 2015	20,457	8,457	12,000
September 1, 2015	8,202	8,202	---
March 1, 2016	20,202	8,202	12,000
September 1, 2016	7,947	7,947	---
March 1, 2017	19,947	7,947	12,000
September 1, 2017	7,692	7,692	---
March 1, 2018	19,692	7,692	12,000
September 1, 2018	7,437	7,437	---
March 1, 2019	19,437	7,437	12,000
September 1, 2019	7,182	7,182	---
March 1, 2020	19,182	7,182	12,000
September 1, 2020	6,927	6,927	---
March 1, 2021	18,927	6,927	12,000
September 1, 2021	6,672	6,672	---
March 1, 2022	18,672	6,672	12,000
September 1, 2022	6,417	6,417	---
March 1, 2023	18,417	6,417	12,000
September 1, 2023	6,162	6,162	---
March 1, 2024	18,162	6,162	12,000
September 1, 2024	5,907	5,907	---
March 1, 2025	17,907	5,907	12,000
September 1, 2025	5,652	5,652	---
March 1, 2026	17,652	5,652	12,000
September 1, 2026	5,397	5,397	---
March 1, 2027	17,397	5,397	12,000
September 1, 2027	5,142	5,142	---
March 1, 2028	17,142	5,142	12,000
September 1, 2028	4,887	4,887	---
March 1, 2029	16,887	4,887	12,000
September 1, 2029	4,632	4,632	---

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

<u>Payment Date</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
March 1, 2030	16,632	4,632	12,000
September 1, 2030	4,377	4,377	---
March 1, 2031	16,377	4,377	12,000
September 1, 2031	4,122	4,122	---
March 1, 2032	16,122	4,122	12,000
September 1, 2032	3,867	3,867	---
March 1, 2033	16,867	3,867	13,000
September 1, 2033	3,591	3,591	---
March 1, 2034	16,591	3,591	13,000
September 1, 2034	3,315	3,315	---
March 1, 2035	16,315	3,315	13,000
September 1, 2035	3,038	3,038	---
March 1, 2036	16,038	3,038	13,000
September 1, 2036	2,762	2,762	---
March 1, 2037	15,762	2,762	13,000
September 1, 2037	2,486	2,486	---
March 1, 2038	15,486	2,486	13,000
September 1, 2038	2,210	2,210	---
March 1, 2039	15,210	2,210	13,000
September 1, 2039	1,934	1,934	---
March 1, 2040	14,934	1,934	13,000
September 1, 2040	1,657	1,657	---
March 1, 2041	14,657	1,657	13,000
September 1, 2041	1,381	1,381	---
March 1, 2042	14,381	1,381	13,000
September 1, 2042	1,105	1,105	---
March 1, 2043	14,105	1,105	13,000
September 1, 2043	829	829	---
March 1, 2044	13,829	829	13,000
September 1, 2044	552	552	---
March 1, 2045	13,552	552	13,000
September 1, 2045	276	276	---
March 1, 2046	13,276	276	13,000
	<u>\$772,230</u>	<u>\$338,230</u>	<u>\$434,000</u>

WRIGHT TOWNSHIP  
Notes to Financial Statements  
March 31, 2011

---

**NOTE 7 – CHANGES IN LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended March 31, 2011:

<u>Type of Debt</u>	<u>Balance April 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2011</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Special					
Assessment Bond	\$ 726,000	\$ ---	\$20,000	\$ 706,000	\$20,000
Special Assessment Bond	<u>446,000</u>	<u>---</u>	<u>12,000</u>	<u>434,000</u>	<u>12,000</u>
<b>Total Enterprise Fund Debt</b>	<u>\$1,172,000</u>	<u>\$ ---</u>	<u>\$32,000</u>	<u>\$1,140,000</u>	<u>\$32,000</u>

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

---

**NOTE 8 – ANNUAL DEBT SERVICE REQUIREMENTS**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of March 31, 2011, are as follows:

<b><u>Business-Type Activities</u></b>		
<b><u>Year Ending</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2012	\$ 32,000	\$ 49,332
2013	32,000	47,946
2014	32,000	46,562
2015	32,000	45,176
2016	32,000	43,792
2017	32,000	42,406
2018	32,000	41,022
2019	32,000	39,636
2020	32,000	38,252
2021-2025	160,000	170,482
2026-2030	160,000	135,858
2031-2035	163,000	101,106
2036-2040	165,000	65,548
2041-2045	170,000	29,422
2046	<u>34,000</u>	<u>1,470</u>
<b>Totals</b>	<b><u>\$1,140,000</u></b>	<b><u>\$898,010</u></b>

**NOTE 9 – RESTRICTED FUND BALANCE - ROADS**

At March 31, 2011 - \$135,262 is restricted for road work and \$257,627 for fire.

**NOTE 10 – OTHER INFORMATION**

**Risk Management**

The government 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. During the year ended March 31, 2011, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**WRIGHT TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2011**

---

**NOTE 11 – SUBSEQUENT EVENTS**

Management has reviewed the events occurring through July 30, 2011, the date the financial statements were available to be issued, and no subsequent events occurred requiring accrual or disclosure.

**NOTE 12 – RECEIVABLES**

Receivables consists of the following at March 31, 2011:

	<b><u>Governmental Activities</u></b>	<b><u>Business Type Activities</u></b>
State of Michigan	\$16,888	\$ ---
Taxes and Assessments	6,398	13,535
Sewer Usage	---	3,995
Special Assessments	---	703,268
Interest Income	<u>536</u>	<u>352</u>
<b>Totals</b>	<b><u>\$23,822</u></b>	<b><u>\$721,150</u></b>

**NOTE 13 – INTERFUND RECEIVABLES AND PAYABLES**

At March 31, 2011 the following were interfund receivables and payables in the fund statement.

<b><u>Fund</u></b>	<b><u>Interfund Receivables</u></b>	<b><u>Interfund Payables</u></b>
Tax Collection	\$ ---	\$ 8,594
Roads	---	22,074
General	24,365	---
Sewer	<u>6,303</u>	<u>---</u>
<b>Totals</b>	<b><u>\$30,668</u></b>	<b><u>\$30,668</u></b>

The interfund receivables and payables are anticipated to be repaid in the next fiscal year.

**WRIGHT TOWNSHIP**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended March 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$218,537	\$218,537	\$218,537	\$ ---
<b>Resources (Inflows)</b>				
Taxes and Assessments	45,400	45,400	41,157	(4,243)
Intergovernmental	75,000	75,000	83,313	8,313
Licenses and Permits	250	250	200	(50)
Charges for Services	13,100	13,100	18,584	5,484
Interest	1,500	1,500	2,918	1,418
Other	4,000	4,000	5,089	1,089
Metro Act	<u>3,500</u>	<u>3,500</u>	<u>---</u>	<u>(3,500)</u>
 <b>Amounts Available for Appropriation</b>	 <u>361,287</u>	 <u>361,287</u>	 <u>369,798</u>	 <u>8,511</u>
 <b><u>Charges to Appropriations (Outflows)</u></b>				
<b>General Government</b>				
Trustee Board	5,282	5,282	4,790	492
Supervisor	6,020	6,020	6,123	(103)
Treasurer	20,090	20,090	17,449	2,641
Assessing	17,123	17,123	16,104	1,019
Clerk	16,864	16,864	14,249	2,615
Cemetery	16,800	16,800	14,976	1,824
Board of Review	1,500	1,500	851	649
Building and Grounds	4,500	4,500	350	4,150
Elections	3,857	3,857	1,931	1,926
Legal and Accounting	<u>3,200</u>	<u>3,200</u>	<u>2,975</u>	<u>225</u>
	<u>95,236</u>	<u>95,236</u>	<u>79,798</u>	<u>15,438</u>
 <b>Public Safety</b>				
Fire	<u>12,500</u>	<u>12,500</u>	<u>12,000</u>	<u>500</u>
 <b>Public Works</b>				
Street Lights	1,068	1,068	1,068	---
Drains	8,000	8,000	45,819	(37,819)
Spring Clean Up	<u>---</u>	<u>---</u>	<u>1,273</u>	<u>(1,273)</u>
	<u>9,068</u>	<u>9,068</u>	<u>48,160</u>	<u>(39,092)</u>
 <b>Community and Economic Development</b>				
Street Lights	<u>---</u>	<u>---</u>	<u>500</u>	<u>(500)</u>
	<u>---</u>	<u>---</u>	<u>500</u>	<u>(500)</u>
 <b>Other Functions</b>	<u>59,537</u>	<u>59,537</u>	<u>10,624</u>	<u>48,913</u>
 <b>Total Charges to Appropriations</b>	 <u>176,341</u>	 <u>176,341</u>	 <u>151,082</u>	 <u>25,259</u>
 <b>Ending of Year Fund Balance</b>	 <u>\$184,946</u>	 <u>\$184,946</u>	 <u>\$218,716</u>	 <u>\$ 33,770</u>

The notes to financial statements are an integral part of this statement.

**WRIGHT TOWNSHIP**  
**Budgetary Comparison Schedule**  
**Fire & Ambulance Fund (Major Special Revenue Funds)**  
**For The Year Ended March 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$200,120	\$200,100	\$200,120	\$ ---
<b><u>Resources (Inflows)</u></b>				
Ambulance & Fire Runs	43,000	43,000	46,490	3,490
Interest	1,000	1,000	2,468	1,468
Contracted Services	78,100	78,100	77,575	(525)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>10,185</u>	<u>9,185</u>
<b><u>Amounts Available for Appropriation</u></b>	<u>323,220</u>	<u>323,220</u>	<u>336,838</u>	<u>13,618</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
<b><u>Public Safety</u></b>				
Salaries and Wages	20,100	20,100	20,042	58
Billing Service	6,000	6,000	4,770	1,230
Operating Supplies	15,634	15,634	4,064	11,570
Gas and Oil	5,000	5,000	3,263	1,737
Utilities	9,700	9,700	7,565	2,135
Repairs and Maintenance	12,000	12,000	5,389	6,611
Insurance	13,566	13,566	14,299	(733)
Licenses & Memberships	500	500	400	100
Education & Training	3,000	3,000	900	2,100
Reading E.U.-ALS	10,000	10,000	10,000	---
Other	3,100	3,100	702	2,398
Capital Outlay	<u>24,500</u>	<u>24,500</u>	<u>7,817</u>	<u>16,683</u>
<b><u>Total Charges to Appropriations</u></b>	<u>123,100</u>	<u>123,100</u>	<u>79,211</u>	<u>43,889</u>
<b><u>Ending of Year Fund Balance</u></b>	<u>\$200,120</u>	<u>\$200,120</u>	<u>\$257,627</u>	<u>\$57,507</u>

The notes to financial statements are an integral part of this statement.

**WRIGHT TOWNSHIP**  
**Budgetary Comparison Schedule**  
**Road Fund (Major Special Revenue Funds)**  
**For The Year Ended March 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$208,152	\$208,152	\$208,152	\$ ---
<b><u>Resources (Inflows)</u></b>				
Property Taxes	82,000	82,000	95,009	13,009
Interest Income	---	---	83	83
	<u>290,152</u>	<u>290,152</u>	<u>303,244</u>	<u>13,092</u>
<b><u>Amounts Available for Appropriation</u></b>				
	<u>290,152</u>	<u>290,152</u>	<u>303,244</u>	<u>13,092</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
<b><u>Public Works</u></b>				
Roads and Bridges	172,000	172,000	142,782	29,218
Dust Control	22,500	22,500	25,200	(2,700)
	<u>194,500</u>	<u>194,500</u>	<u>167,982</u>	<u>26,518</u>
<b><u>Total Charges to Appropriations</u></b>				
	<u>194,500</u>	<u>194,500</u>	<u>167,982</u>	<u>26,518</u>
<b><u>Ending of Year Fund Balance</u></b>	<u>\$ 95,652</u>	<u>\$ 95,652</u>	<u>\$135,262</u>	<u>\$39,610</u>

# PHILIP R. RUBLEY

– Certified Public Accountant –

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

July 30, 2011

Township Board  
Wright Township  
Hillsdale County  
112 E. Center St.  
Waldron, MI 49288

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

We have audited the financial statements of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of Wright Township, Waldron, Michigan as of and for the year ended March 31, 2011, which collectively comprise Wright Township's basic financial statements and have issued our report thereon dated July 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

**Township Board  
Wright Township  
July 30, 2011**

financial reporting. These are listed as findings 2011.1 thru 2011.2. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**COMPLIANCE AND OTHER MATTERS**


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

We noted certain matters that we reported to management of Wright Township, Waldron, Michigan in a separate letter dated July 30, 2011.

Wright Township, Waldron, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit Wright Township, Waldron, Michigan's response and, accordingly, we express no opinion on it.

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

**Respectfully Submitted,**



**Philip F. Rubley, CPA**

PRR/cab

**WRIGHT TOWNSHIP**  
**Schedule of Findings**  
**March 31, 2011**

---

2011.1

**PREPARATION OF BASIC FINANCIAL STATEMENTS**

**Requirement:**

The Township is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

**Condition:**

The Township has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, with the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the Township's internal controls.

**Cause:**

This condition is caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statement to the auditors than to incur the added time and expense of obtaining the necessary training to perform this task.

**Effect:**

The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

**View of Responsible Officials:**

The Township will continue to evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP. In addition, the Township will carefully review the draft financial statements and notes prior to approving them and accept responsibility for their content and presentation.

---

**WRIGHT TOWNSHIP**  
**Schedule of Findings**  
**March 31, 2011**

---

2011.2

**ACCOUNTING FOR FIXED ASSETS AND LEASES**

**Requirement:**

The Township is to maintain adequate records reflecting fixed assets and leases in accordance with their capitalization policy.

**Condition:**

The Township has historically relied on its independent external auditors to assist in the maintaining of the fixed assets in order to prepare the financial statements in accordance with GAAP.

**Cause:**

This condition is caused by the Township's decision that it is more cost effective to outsource the function than to buy and train personnel to perform this task.

**View of Responsible Officials:**

The Township will continue to evaluate the cost vs. benefit for fixed asset and leases.

The above responses are the views of the responsible officials of the Township. We disclaim any opinion on compliance with these responses.

# PHILIP R. RUBLEY

– Certified Public Accountant –

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

July 30, 2011

**Township Board  
Wright Township  
Hillsdale County  
122 E. Center St.  
Waldron, MI 49288**

We appreciate the opportunity to conduct your audit this year. As we've discussed with you previously, we are writing to you as we complete the audit to communicate any control deficiencies we identified during the audit and determined to be significant deficiencies or material weaknesses.

In planning and performing our audit of your financial statements for the period ending March 31, 2011, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting (internal control) as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. Accordingly, as a part of your audit, we are not expressing an opinion on the effectiveness of your internal control.

Our consideration of internal control was for the limited purpose of conducting your organization's audit and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did identify certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses that are discussed below. It is important to note that control deficiencies are not necessarily problems you will choose to address; however, they do represent potential risks. Our job as your auditors is to ensure that you understand where you have these deficiencies or weaknesses so that you can make informed business decisions on how best to respond to these risks. In this year's audit, we identified the following:

## **SIGNIFICANT DEFICIENCIES**

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by your internal control. We consider the following deficiencies to be significant deficiencies in internal control.

### **2011.1 Preparing Financial Statements – Design Deficiency**

The framework for effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the company's audited financial statements and then should determine how those identified risks should be managed. Management has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including footnote disclosures.

2011.2      **Accounting for Fixed Assets and Leases Design Deficiency**

The framework for effective internal control over financial reporting involves the identification and analysis of risk of material misstatement to the company's audited financial statements. Management has not identified nor analyzed financial reporting risks in the area of fixed assets and lease accounting and as a result has failed to design effective controls over the accounting for fixed assets or lease accounting to prevent or detect material misstatements. This condition is caused by the Township's decision that it is more cost effective to outsource the function than to buy and train personnel to perform this task.

**MATERIAL WEAKNESSES**

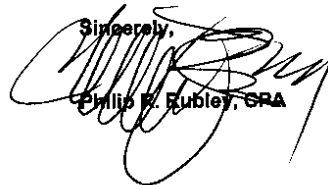
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by your internal control. No material weaknesses came to our attention at March 31, 2011.

This written communication related to the significant deficiencies identified during this year's audit is intended solely for the information and use by your management, those charged with your organization's governance, others you deem appropriate within your organization, and any governmental authorities you need to share this information with. It is not intended for use by anyone other than these specified parties.

We are available to answer any questions that you may have related to the control deficiencies we identified during your audit or discuss the benefits and associated costs of any options you have for remedying them if you would like to do so. If you would like to set up a meeting to discuss this communication or your organization's internal controls, please feel free to contact me.

We appreciate the opportunity to conduct your organization's audit.

Sincerely,



Philip E. Rubley, CPA

# PHILIP R. RUBLEY

— Certified Public Accountant —

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

July 30, 2011

Township Board  
Wright Township  
Hillsdale County  
122 E. Center St.  
Waldron, MI 49288

We have audited the financial statements of the governmental activities of Wright Township for the year ended March 31, 2011, and have issued our report thereon dated July 30, 2011. Professional standards require that we provide you with the following information related to our audit.

## PURPOSE OF THE AUDIT

The audit was designed to determine the fair presentation or compliance with:

- generally accepted accounting principles and auditing standards,
- the applicable laws and regulations of the State of Michigan.

## OUR RESPONSIBILITY UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS

As stated in our engagement letter, our responsibility, as described by professional standards, is to express our opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we consider the internal control of Wright Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

## PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you.

## RESULTS OF AUDIT

1. Audit opinion letter - an unqualified opinion on the Township's financial statements has been issued. This means we have given a "clean" opinion with no reservations.

We noted significant deficiencies in our letter dated July 30, 2011. There was a very good relationship between Township and the auditors.

### **SIGNIFICANT AUDIT FINDINGS**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wright Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosure in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

#### ***Difficulties Encountered in Performing the Audit***

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

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### ***Disagreements with Management***

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

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter.

**OTHER AUDIT FINDINGS OR ISSUES**

**1. DEPOSITS CUSTODIAL CREDIT RISK**

The Township presently has a custodial risk in the case of bank failure. Consider moving funds to an additional bank removing some risk, because of increased FDIC insurance coverage. This has improved.

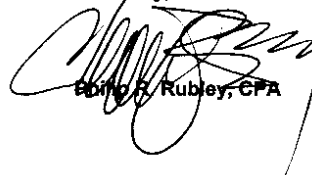
**2. SEWER RATES/ASSESSMENTS**

Presently it appears that rates and assessments are adequate, but because of early payoffs and low investment rates there could be a problem in the future. Continue to monitor.

The financial affairs have been professionally conducted. The accounting records were in good condition and we commend the staff for their assistance and support during the audit.

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

Sincerely,



Philip R. Rubley, CPA