

**WRIGHT TOWNSHIP**  
**Ottawa County, Michigan**

Annual Financial Report

For the year ended March 31, 2013

**WRIGHT TOWNSHIP**  
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For the year ended March 31, 2013

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## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

May 24, 2013

The Township Board  
Wright Township  
Ottawa County, Michigan

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of Wright Township (the "Township") as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business-type activities, each major fund and the aggregate remaining fund information of Wright Township as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other Matters*

As discussed in Note A to the basic financial statements, the Township changed its method of reporting for net assets as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wright Township's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and other information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2013**

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As management of Wright Township (“the Township”), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2013. We encourage readers to consider the information presented here in conjunction with the Township’s financial statements, which immediately follow this section.

**Financial Highlights**

- The Township’s net position increased by \$87,141 (or 5 percent).
- Total expenses of the Township’s programs were \$432,801 compared to \$420,742 in 2011-12.
- Total revenues, including all program and general revenues, were \$519,942 compared to \$502,575 in 2011-12.
- At the close of the current year, the Township’s governmental funds reported combined ending fund balances of \$1,281,109, an increase of \$83,069 from the prior year.
- At the end of the current year, the unassigned fund balance for the General Fund was \$1,232,496, or 315 percent of total General Fund expenditures.
- The Township’s Sewer Enterprise Fund had \$15,337 in net assets at year-end.

**New Accounting Pronouncements Implemented**

The Township implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year 2012-13. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from “net assets” to “net position”.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township’s basic financial statements. The Township’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic 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 Position presents information on all of the Township’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2013**

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The Statement of Activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, roads and parks. The business-type activity of the Township is the Sewer Enterprise Fund.

The government-wide financial statements can be found on pages 12-13 of this report.

**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 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 funds, and fiduciary 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.

The Township maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund and Special Assessment Debt Service Fund, each of which are considered to be major funds. Data from the other two governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 14-18 of this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township maintains the Sewer Enterprise Fund to account for its sanitary sewer usage operation and maintenance. The system operations have been turned over to the City of Grand Rapids and the Fund is in the process of being closed. The basic proprietary fund financial statements can be found on pages 19-21 of this report.

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2013**

**Fiduciary funds** provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds. The fiduciary fund financial statements can be found on page 22 of this report.

**Notes to basic financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 23-35 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Wright Township, assets exceeded liabilities by \$1,828,655 at the close of the fiscal year.

The Statement of Net Position provides financial information on the Township as a whole as of March 31, 2013.

<b>Wright Township's Net Position</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>						
Current assets	\$ 1,286,426	\$ 1,219,324	\$ 34,404	\$ 25,647	\$ 1,320,830	\$ 1,244,971
Noncurrent assets	788,959	807,238	10,000	10,000	798,959	817,238
<b>Total Assets</b>	<b>2,075,385</b>	<b>2,026,562</b>	<b>44,404</b>	<b>35,647</b>	<b>2,119,789</b>	<b>2,062,209</b>
<b>Liabilities</b>						
Current liabilities	39,467	40,172	29,067	20,322	68,534	60,494
Noncurrent liabilities	222,600	260,200	-	-	222,600	260,200
<b>Total Liabilities</b>	<b>262,067</b>	<b>300,372</b>	<b>29,067</b>	<b>20,322</b>	<b>291,134</b>	<b>320,694</b>
<b>Net Position</b>						
Invested in capital assets	532,276	509,438	10,000	10,000	542,276	519,438
Restricted	43,428	53,609	-	-	43,428	53,609
Unrestricted	1,237,614	1,163,143	5,337	5,325	1,242,951	1,142,951
<b>Total Net Position</b>	<b>\$ 1,813,318</b>	<b>\$ 1,726,190</b>	<b>\$ 15,337</b>	<b>\$ 15,325</b>	<b>\$ 1,828,655</b>	<b>\$ 1,741,515</b>

A substantial portion of the Township's net position, \$542,276 (30 percent), reflects its investment in capital assets (e.g. land, land improvements, buildings and improvements, and equipment) less any related debt used to acquire those assets that is 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 capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Township's net position, \$43,428 (2 percent) represents resources that are subject to external restrictions on how they may be used (for debt service purposes only). The Township may use the remaining balance of unrestricted net position of \$1,242,951 (68 percent) to meet its ongoing obligations to citizens and creditors.

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2013**

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

The Statement of Activities presents changes in net assets from operating results for the year ended March 31, 2013:

**Wright Township's Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program revenue:						
Charges for services	\$ 14,922	\$ 8,554	\$ 5,000	\$ 5,000	\$ 19,922	\$ 13,554
General revenue:						
Property taxes	249,993	248,121	—	—	249,993	248,121
State sources	234,821	223,868	—	—	234,821	223,868
Investment earnings	5,233	5,740	12	14	5,245	5,754
Other	9,961	11,278	—	—	9,961	11,278
<b>Total revenues</b>	<b>514,930</b>	<b>497,561</b>	<b>5,012</b>	<b>5,014</b>	<b>519,942</b>	<b>502,575</b>
<b>Expenses</b>						
General government	162,451	158,618	—	—	162,451	158,618
Public safety	144,701	136,377	—	—	144,701	136,377
Public works	53,809	56,803	—	—	53,809	56,803
Health and welfare	25,323	26,302	—	—	25,323	26,302
Community and economic development	2,487	8,611	—	—	2,487	8,611
Recreation and cultural	2,372	617	—	—	2,372	617
Other township	23,382	13,300	—	—	23,382	13,300
Interest on long-term debt	13,277	14,687	—	—	13,277	14,687
Sewer operations	—	—	5,000	5,427	5,000	5,427
<b>Total expenses</b>	<b>427,802</b>	<b>415,315</b>	<b>5,000</b>	<b>5,427</b>	<b>432,802</b>	<b>420,742</b>
<b>Increase (decrease) in net position</b>	<b>87,128</b>	<b>82,246</b>	<b>12</b>	<b>(413)</b>	<b>87,140</b>	<b>81,833</b>
<b>Net position - beginning of year</b>	<b>1,726,190</b>	<b>1,643,944</b>	<b>15,325</b>	<b>15,738</b>	<b>1,741,515</b>	<b>1,659,682</b>
<b>Net position - end of year</b>	<b>\$ 1,813,318</b>	<b>\$ 1,726,190</b>	<b>\$ 15,337</b>	<b>\$ 15,325</b>	<b>\$ 1,828,655</b>	<b>\$ 1,741,515</b>

**Governmental activities** increased the Township's net position by \$87,129. Key elements of this change were major revenue sources leveling off combined with expense budget restraint.

**Business-type activities** increased the Township's net position by \$12 as the process of transferring the sewer operation and maintenance system to the City of Grand Rapids is nearing conclusion.

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2013**

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**Financial Analysis of the Township's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,281,109, an increase of \$83,069 in comparison with the prior year. 96 percent of this total amount constitutes unassigned fund balance, which is available for spending at the Township's discretion.

Wright Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$510,269, total expenditures of \$392,162 and transfers to other funds of \$31,825. It ended the year with a fund balance of \$1,232,496, up from \$1,146,214 at March 31, 2012.

The *Special Assessment Debt Service Fund* levies special assessments for debt service purposes. The Fund had total revenues of \$5,128 and total expenditures of \$11,730. It ended the year with a fund balance of \$28,295, down from \$34,897 at March 31, 2012.

Nonmajor Funds

The *General Obligation Debt Service Fund* collects General Fund contributions for debt service purposes. Transfers from the General Fund were \$31,825 and debt service expenditures totaled \$31,825. The fund balance is maintained at zero.

The *Cemetery Perpetual Care Fund* collects cemetery fees to be used for cemetery upkeep. Total revenues were \$3,389 and expenditures were zero for the year. It ended the year with a fund balance of \$20,318, up from \$16,929 at March 31, 2012.

**Proprietary fund.** The Township's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Sewer Enterprise Fund had total revenues of \$5,012, total expenses of \$5,000 and an increase in net assets of \$12 from March 31, 2012. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

**General Fund Budgetary Highlights**

The Township revised the annual operating budget during the year to comply with Michigan Department of Treasury guidelines. The budget amendment was made to reflect changes within the general government expenditures function as they occurred during the year.

**WRIGHT TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2013**

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**Capital Asset and Debt Administration**

Capital Assets

At March 31, 2013, the Township had a \$1,173,727 investment in capital assets, including land, land improvements, buildings and improvements and furniture and equipment. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

The Township had no capital asset additions for the fiscal year, and accumulated depreciation increased by \$29,962. The net book value of capital assets at March 31, 2013 is detailed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activites</u>	<u>Total</u>
Land	\$ 7,275	\$ 10,000	\$ 17,275
Land improvements	700,267	—	700,267
Buildings and improvements	66,168	—	66,168
Furniture and equipment	3,566	—	3,566
<b>Net Capital Assets</b>	<b>\$ 777,276</b>	<b>\$ 10,000</b>	<b>\$ 787,276</b>

Long-term Debt

At year end, the Township had \$15,200 in drain improvement notes and \$245,000 in bonds outstanding (general obligation and special assessment improvement). Prior year debt balances were reduced by payments of \$37,600 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

**Factors Bearing on the Township's Future**

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2013-14 anticipates a reduction in year end fund balance of \$145,520. This estimate reflects minimal property tax growth within the Township, stable State shared revenues, and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

**Contacting the Township's Financial Management**

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Theresa Frank, Township Clerk, Wright Township, 1565 Jackson Street, PO Box 255, Marne, MI, 49435.

## **BASIC FINANCIAL STATEMENTS**

**WRIGHT TOWNSHIP**  
**Statement of Net Position**  
**March 31, 2013**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash equivalents, deposits and investments (Note B)	\$ 1,232,422	\$ 34,404	\$ 1,266,826
Receivables:			
Taxes (Note C)	12,125	-	12,125
Special assessments	4,000	-	4,000
Accounts	2,050	-	2,050
Due from other governmental units	35,829	-	35,829
<b>Total Current Assets</b>	<u>1,286,426</u>	<u>34,404</u>	<u>1,320,830</u>
<b>Noncurrent Assets</b>			
Special assessments	11,683	-	11,683
Capital assets not being depreciated (Note E)	7,275	10,000	17,275
Capital assets being depreciated, net (Note E)	770,001	-	770,001
<b>Total Noncurrent Assets</b>	<u>788,959</u>	<u>10,000</u>	<u>798,959</u>
<b>Total Assets</b>	<u>2,075,385</u>	<u>44,404</u>	<u>2,119,789</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	-	29,067	29,067
Due to other governmental units	1,317	-	1,317
Accrued interest payable	550	-	550
Current portion of noncurrent liabilities (Note F)	37,600	-	37,600
<b>Total Current Liabilities</b>	<u>39,467</u>	<u>29,067</u>	<u>68,534</u>
<b>Noncurrent Liabilities (Note F)</b>			
Drain improvement note payable	15,200	-	15,200
General obligation bonds payable	220,000	-	220,000
Special assessment bonds payable	25,000	-	25,000
Less current portion of noncurrent liabilities	(37,600)	-	(37,600)
<b>Total Noncurrent Liabilities</b>	<u>222,600</u>	<u>-</u>	<u>222,600</u>
<b>Total Liabilities</b>	<u>262,067</u>	<u>29,067</u>	<u>291,134</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	532,276	10,000	542,276
Restricted for:			
Debt service	43,428	-	43,428
Unrestricted	1,237,614	5,337	1,242,951
<b>Total Net Position</b>	<u>\$ 1,813,318</u>	<u>\$ 15,337</u>	<u>\$ 1,828,655</u>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Statement of Activities**  
**For the year ended March 31, 2013**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Governmental Activities	Business-type Activities	
Governmental activities:					
General government	\$ 162,451	\$ 9,849	\$ (152,602)	\$ -	\$ (152,602)
Public safety	144,701	5,073	(139,628)	-	(139,628)
Public works	53,809	-	(53,809)	-	(53,809)
Health and welfare	25,323	-	(25,323)	-	(25,323)
Community and economic development	2,487	-	(2,487)	-	(2,487)
Recreation and cultural	2,372	-	(2,372)	-	(2,372)
Other township	23,382	-	(23,382)	-	(23,382)
Interest on long-term debt	13,277	-	(13,277)	-	(13,277)
<b>Total governmental activities</b>	<b>427,802</b>	<b>14,922</b>	<b>(412,880)</b>	<b>-</b>	<b>(412,880)</b>
Business-type activities:					
Sewer enterprise fund	5,000	5,000	-	-	-
<b>Total</b>	<b>\$ 432,802</b>	<b>\$ 19,922</b>	<b>(412,880)</b>	<b>-</b>	<b>(412,880)</b>
General revenues:					
Property taxes levied for:					
General operations			138,809	-	138,809
Fire			84,715	-	84,715
Aging			26,469	-	26,469
State revenue sharing			234,821	-	234,821
Interest and investment earnings			5,233	12	5,245
Other			9,961	-	9,961
<b>Total General Revenues</b>			<b>500,008</b>	<b>12</b>	<b>500,020</b>
<b>Change in Net Position</b>			<b>87,128</b>	<b>12</b>	<b>87,140</b>
<b>Net Position - Beginning of Year</b>			<b>1,726,190</b>	<b>15,325</b>	<b>1,741,515</b>
<b>Net Position - End of Year</b>			<b>\$ 1,813,318</b>	<b>\$ 15,337</b>	<b>\$1,828,655</b>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Balance Sheet**  
**Governmental Funds**  
**March 31, 2013**

<b>Assets</b>	<u>General</u>	<u>Debt Service Special Assessment</u>	<u>Other Governmental</u>	<u>Total</u>
Cash equivalents, deposits and investments (Note B)	\$ 1,183,809	\$ 28,295	\$ 20,318	\$ 1,232,422
Receivables:				
Taxes (Note C)	12,125	-	-	12,125
Special assessments	-	15,683	-	15,683
Due from other funds (Note D)	2,050	-	-	2,050
Due from other governmental units	35,829	-	-	35,829
<b>Total Assets</b>	<u>\$ 1,233,813</u>	<u>\$ 43,978</u>	<u>\$ 20,318</u>	<u>\$ 1,298,109</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other governmental units	\$ 1,317	\$ -	\$ -	\$ 1,317
Unearned revenue	-	15,683	-	15,683
<b>Total Liabilities</b>	<u>1,317</u>	<u>15,683</u>	<u>-</u>	<u>17,000</u>
<b>Fund Balances</b>				
Nonspendable	-	-	20,318	20,318
Restricted	93,500	28,295	-	121,795
Unassigned	1,138,996	-	-	1,138,996
<b>Total Fund Balances</b>	<u>1,232,496</u>	<u>28,295</u>	<u>20,318</u>	<u>1,281,109</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,233,813</u>	<u>\$ 43,978</u>	<u>\$ 20,318</u>	<u>\$ 1,298,109</u>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**March 31, 2013**

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<b>Total governmental fund balances</b>		\$ 1,281,109
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,163,727 and accumulated depreciation is \$386,451.		777,276
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds: Special assessments receivable		15,683
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Drain note	\$ (15,200)	
General obligation bonds	(220,000)	
Special assessment bonds	(25,000)	(260,200)
Accrued interest is not included as a liability in governmental funds.		(550)
<b>Total net position - governmental activities</b>		<b>\$ 1,813,318</b>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended March 31, 2013**

	General	Debt Service	Other Governmental	Total
		Special Assessment		
<b>Revenues</b>				
Taxes	\$ 249,993	\$ -	\$ -	\$ 249,993
Licenses and permits	4,997	-	-	4,997
State sources	234,821	-	-	234,821
Charges for services	6,549	-	3,300	9,849
Fines and forfeitures	76	-	-	76
Interest and rentals	3,872	1,272	89	5,233
Other	9,961	3,856	-	13,817
<b>Total Revenues</b>	<b>510,269</b>	<b>5,128</b>	<b>3,389</b>	<b>518,786</b>
<b>Expenditures</b>				
Current:				
General government	159,669	-	-	159,669
Public safety	140,633	-	-	140,633
Public works	38,575	-	-	38,575
Health and welfare	25,323	-	-	25,323
Community and economic development	2,487	-	-	2,487
Recreation and cultural	2,093	-	-	2,093
Other township	23,382	-	-	23,382
Debt service:				
Principal repayment	-	10,000	20,000	30,000
Interest and fiscal charges	-	1,730	11,825	13,555
<b>Total Expenditures</b>	<b>392,162</b>	<b>11,730</b>	<b>31,825</b>	<b>435,717</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>118,107</b>	<b>(6,602)</b>	<b>(28,436)</b>	<b>83,069</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	31,825	31,825
Transfers out	(31,825)	-	-	(31,825)
<b>Total Other Financing Sources (Uses)</b>	<b>(31,825)</b>	<b>-</b>	<b>31,825</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>86,282</b>	<b>(6,602)</b>	<b>3,389</b>	<b>83,069</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,146,214</b>	<b>34,897</b>	<b>16,929</b>	<b>1,198,040</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,232,496</b>	<b>\$ 28,295</b>	<b>\$ 20,318</b>	<b>\$ 1,281,109</b>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended March 31, 2013**

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<b>Net change in fund balances - total governmental funds</b>	\$	83,069
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlays	\$ -	
Depreciation expense	<u>(29,962)</u>	(29,962)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Special assessments		(3,856)
<p>Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:</p>		
Repayment of drain note	7,600	
Repayment of general obligation bonds	20,000	
Repayment of special assessment bonds	<u>10,000</u>	37,600
<p>Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid.</p>		
		<u>277</u>
<b>Total changes in net position - governmental activities</b>	<b>\$</b>	<b><u><u>87,128</u></u></b>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended March 31, 2013**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 248,660	\$ 248,660	\$ 249,993	\$ 1,333
Licenses and permits	3,800	3,800	4,997	1,197
State sources	220,000	220,000	234,821	14,821
Charges for services	3,400	3,400	6,549	3,149
Fines and forfeitures	50	50	76	26
Interest and rentals	2,200	2,200	3,872	1,672
Other revenue	2,070	2,070	9,961	7,891
<b>Total Revenues</b>	<u>480,180</u>	<u>480,180</u>	<u>510,269</u>	<u>30,089</u>
<b>Expenditures</b>				
Current:				
General government	218,015	224,128	159,669	64,459
Public safety	142,500	143,061	140,633	2,428
Public works	169,450	157,472	38,575	118,897
Health and welfare	25,000	25,151	25,323	(172)
Community and economic development	11,800	7,719	2,487	5,232
Recreation and cultural	1,251	2,908	2,093	815
Other township	18,850	28,084	23,382	4,702
<b>Total Expenditures</b>	<u>586,866</u>	<u>588,523</u>	<u>392,162</u>	<u>196,361</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(106,686)</u>	<u>(108,343)</u>	<u>118,107</u>	<u>226,450</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(31,825)</u>	<u>(31,825)</u>	<u>(31,825)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(138,511)</u>	<u>(140,168)</u>	<u>86,282</u>	<u>226,450</u>
<b>Fund Balances, Beginning of Year</b>	<u>1,146,214</u>	<u>1,146,214</u>	<u>1,146,214</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 1,007,703</u></u>	<u><u>\$ 1,006,046</u></u>	<u><u>\$ 1,232,496</u></u>	<u><u>\$ 226,450</u></u>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Statement of Net Position**  
**Proprietary Fund**  
**March 31, 2013**

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	<u>Sewer Enterprise</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash equivalents, deposits and investments (Note B)	\$ 34,404
<b>Noncurrent Assets</b>	
Capital assets not being depreciated (Note E)	<u>10,000</u>
<b>Total Assets</b>	<u>44,404</u>
<b>Liabilities</b>	
Accounts payable	<u>29,067</u>
<b>Net Position</b>	
Invested in capital assets	10,000
Unrestricted	<u>5,337</u>
<b>Total Net Position</b>	<u><u>\$ 15,337</u></u>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the year ended March 31, 2013**

	Sewer Enterprise
<b>Operating Revenues</b>	\$ -
<b>Operating Expenses</b>	-
<b>Operating Income</b>	-
<b>Nonoperating Revenues (Expenses)</b>	
Interest earnings	12
Contributions	5,000
Transfers to the City of Grand Rapids	(5,000)
<b>Total Nonoperating Revenues (Expenses)</b>	12
<b>Change in Net Assets</b>	12
<b>Net Position, Beginning of Year</b>	15,325
<b>Net Position, End of Year</b>	\$ 15,337

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the year ended March 31, 2013**

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	Sewer Enterprise
<b>Cash Flows From Operating Activities</b>	\$ -
<b>Cash Flows From Capital and Related Financing Activities</b>	
Contributions	5,000
Collections of delinquent sewer charges	44,704
Payments of delinquent sewer charges	(40,959)
<b>Net Cash Provided By Capital and Related Financing Activities</b>	<b>8,745</b>
<b>Cash Flows From Investing Activities</b>	
Interest earnings	12
<b>Net Increase In Cash and Cash Equivalents</b>	<b>8,757</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>25,647</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 34,404</b>

See accompanying notes to basic financial statements.

**WRIGHT TOWNSHIP**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**March 31, 2013**

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<b>Assets</b>	<u>Agency Funds</u>
Cash equivalents, deposits and investments (Note B)	<u>\$ 4,077</u>
<b>Liabilities</b>	
Due to other funds (Note D)	\$ 2,050
Due to other governmental units	33
Escrow deposits	<u>1,994</u>
<b>Total Liabilities</b>	<u>\$ 4,077</u>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

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## **Note A – Summary of Significant Accounting Policies**

Wright Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire and inspections), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative, sewer disposal and other services.

The financial statements of Wright Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Township’s significant accounting policies are described below.

### **1. The Reporting Entity**

The accompanying financial statements present the Township of Wright. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

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

**Government-wide Financial Statements** – The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net position is reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** – The fund financial statements provide information about the Township’s funds. 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 and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

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Proprietary funds distinguish operating revenues and expenses from nonoperating 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 that are required to be accounted for in another fund.

The *2003 Special Assessment Debt Service Fund* accounts for special assessments levied to pay back the bonds of the Township.

The Township reports the following enterprise fund:

The *Sewer Enterprise Fund* accounts for the operation of the Township's sanitary sewer system.

Additionally, the Township reports the following funds:

The *2003 General Obligation Debt Service Fund* accounts for amounts used to pay back the bonds of the Township.

The *Cemetery Perpetual Care Permanent Fund* accounts for fees collected to be used for cemetery improvements.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

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

*Government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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 grantor or provider have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided separately.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

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collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with the current period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

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

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

#### **4. Budgets and Budgetary Accounting**

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund is subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General Fund.
- Prior to April 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget amendment was made to reflect changes within the general government expenditures function as they occurred during the year.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

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**5. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**6. Capital Assets**

Capital assets, which include land, land improvements, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years
Furniture and equipment	10 years

**7. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**8. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

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**9. Fund Balance**

As of April 1, 2011, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*”. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Township Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.
- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed or assigned.

As Wright Township has not established a policy for its use of unrestricted fund balance amounts, it considers that committed amounts would be reduced first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

At March 31, 2013, General Fund balance was restricted for road improvements of \$93,500.

**10. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

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**11. Estimates**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B – Cash, Deposits and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a Township in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a Township in Michigan.

Balances at March 31, 2013 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Cash equivalents, deposits and investments per the Statement of Net Position:	
Governmental and business-type activities	\$ 1,266,826
Cash equivalents, deposits and investments of Fiduciary Funds:	
Agency Funds	<u>4,077</u>
	<u>\$ 1,270,903</u>

**Cash Equivalents and Deposits**

Cash equivalents consist of bank public funds checking, savings and liquid asset accounts. Deposits consist of certificates of deposit.

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

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Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Comerica Bank
2. Huntington National Bank
3. Fifth Third Bank
4. Mercantile Bank
5. Choice One Bank

March 31, 2013 balances are detailed as follows:

Cash equivalents	\$ 1,043,294
Deposits	<u>227,609</u>
	<u>\$ 1,270,903</u>

*Custodial Credit Risk as Related to Cash Equivalents and Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Township's cash equivalents and deposits may not be returned to the Township. Protection of Township cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Township's cash equivalents and deposits was \$1,270,903 and the bank balance was \$1,271,819. Of the bank balance \$746,642 was covered by federal depository insurance and \$525,177 was uninsured and uncollateralized.

It is the policy of Wright Township to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to state and local statutes governing the investment of public funds.

The Township's investment policy states that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of discretion to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Funds of Wright Township will be invested in accordance with state and local statutes, and in accordance with the following objectives in order of priority:

Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Diversification: The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

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**Return on Investments:** The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

**Safekeeping and Custody:** All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by Wright Township shall be conducted on a cash basis (delivery-versus-payment (DVP) basis). Securities will be held by a third party custodian designated by the Township Treasurer and evidenced by safekeeping receipts and determined by the Treasurer.

**Prudence:** Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**Investments**

The Township held no securities defined as investments under GASB Statement No. 40 during, or at the year ended, March 31, 2013.

**Note C – General Property Taxes**

Property taxes for the Township and Ottawa County become due and payable on December 1 of each year. Property taxes for school districts become due and payable on July 1 and December 1, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Township property tax revenues are recognized in the General Fund in the fiscal year levied, to the extent they are measurable and available. The 2012 property tax roll, levied December 1, 2012, represents revenue for the fiscal year ended March 31, 2013.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Ottawa County, Grand Rapids Community College, Ottawa and Kent Intermediate School Districts, Northeast Ottawa Library District, Coopersville Public Schools, Kenowa Hills Public Schools and Sparta Area Schools. Collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted to levy up to 1.1 mills of general property taxes on the assessed valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levy was reduced to 1.0059 mills for 2012 general operations. The Township also levied 0.8 mills for fire department operations, and .25 mills for the Aging Council.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Township taxes levied	\$ 215,259	\$ 214,383	\$ 213,844	\$ 220,071
Taxes collected:				
Current to March 1	204,110	204,374	203,165	207,495
Total to March 31, 2013	204,110	213,795	213,673	220,071
Percentages of collections:				
Current to March 1	94.82%	95.33%	95.01%	94.29%
Total to March 31, 2013	94.82%	99.73%	99.92%	100.00%

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon Taxable Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for 2013 are compared with prior years in the following summary:

<u>Year</u>	<u>Real</u>	<u>Personal</u>	<u>Total</u>
2013	\$ 101,037,279	\$ 8,861,100	\$ 109,898,379
2012	97,547,293	7,219,247	104,766,540
2011	97,114,895	7,172,705	104,287,600
2010	96,313,373	7,712,684	104,026,057
2009	99,362,536	7,692,470	107,055,006
2008	96,696,792	7,034,895	103,731,687
2007	94,611,627	7,573,236	102,184,863
2006	89,132,887	7,105,106	96,237,993
2005	84,640,829	6,813,991	91,454,820
2004	80,817,565	6,315,903	87,133,468

**Note D – Interfund Receivables/Payables and Transfers**

Amounts due from/to other funds representing interest earnings and summer tax collection fees due at March 31, 2013 are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
<b>General Fund</b>		
Agency Fund:		
Tax Account	\$ 2,050	\$ —
<b>Agency Fund</b>		
Tax Account:		
General Fund	—	2,050
<b>Total All Funds</b>	<u>\$ 2,050</u>	<u>\$ 2,050</u>

Transfers between funds during the year ended March 31, 2013, for debt service purposes, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund</b>		
Debt Service Funds:		
2003 General Obligation Fund	\$ —	\$ 31,825
<b>Debt Service Funds</b>		
2003 General Obligation Fund:		
General Fund	31,825	—
<b>Total All Funds</b>	<u>\$ 31,825</u>	<u>\$ 31,825</u>

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

**Note E – Capital Assets**

Capital asset activity for the year ended March 31, 2013 was as follows:

	<u>Balances</u> <u>April 1, 2012</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances</u> <u>March 31, 2013</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 7,275	\$ —	\$ —	\$ 7,275
Capital assets being depreciated:				
Land improvements	933,086	—	—	933,086
Buildings and improvements	218,134	—	—	218,134
Furniture and equipment	5,232	—	—	5,232
Total capital assets being depreciated	<u>1,156,452</u>	<u>\$ —</u>	<u>\$ —</u>	<u>1,156,452</u>
Less accumulated depreciation for:				
Land improvements	209,303	\$ 23,516	\$ —	232,819
Buildings and improvements	146,043	5,923	—	151,966
Furniture and equipment	1,143	523	—	1,666
Total accumulated depreciation	<u>356,489</u>	<u>\$ 29,962</u>	<u>\$ —</u>	<u>386,451</u>
Capital assets being depreciated, net	<u>799,963</u>			<u>770,001</u>
<b>Net Capital Assets – Governmental Activities</b>	<u>\$ 807,238</u>			<u>\$ 777,276</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 2,781
Public safety	4,068
Public works	22,834
Recreation and cultural	279
	<u>\$ 29,962</u>

	<u>Balances</u> <u>April 1, 2012</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances</u> <u>March 31, 2013</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	<u>\$ 10,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,000</u>

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

**Note F – Long-term Debt**

Amounts available and to be provided for long-term debt at March 31, 2013 are summarized as follows:

	<b>Bond Issues</b>	<b>Drain Improvement Note</b>	<b>Total</b>
<b>Amounts Available For Retirement Of General Long-term Debt</b>			
Debt Service Funds	\$ 28,295	\$ —	\$ 28,295
<b>Amounts To Be Provided For Retirement Of General Long-term Debt</b>			
General Fund	—	15,200	15,200
Debt Service Funds	216,705	—	216,705
<b>Total Amounts Available and To Be Provided</b>	<b>\$ 245,000</b>	<b>\$ 15,200</b>	<b>\$ 260,200</b>

Changes in long-term debt for the year ended March 31, 2013 are summarized as follows:

	<b>Debt Outstanding April 1, 2012</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding March 31, 2013</b>
<b>Bond Issues</b>				
General obligation: May 1, 2002	\$ 240,000	\$ —	\$ 20,000	\$ 220,000
Special assessment: May 1, 2002	35,000	—	10,000	25,000
<b>Drain Improvement Note</b> September 1, 2004	22,800	—	7,600	15,200
<b>Total Long-term Debt</b>	<b>\$ 297,800</b>	<b>\$ —</b>	<b>\$ 37,600</b>	<b>\$ 260,200</b>

Long-term bonds and notes at March 31, 2013 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$380K 2002 Limited Tax Bonds: Annual maturities of \$20K to \$30K	Oct. 1, 2021	4.85 – 5.35	\$ 220,000	\$ 20,000
<b>Special Assessment Bonds</b>				
\$130K 2002 Sewer Improvement : Annual maturities of \$5K to \$10K	Oct. 1, 2016	4.85 – 5.10	25,000	10,000
<b>Drain Improvement Note</b>				
\$76K 2004 Dayton Drain: Annual maturities of \$7.6K	June 15, 2014	4.57	15,200	7,600
<b>Total</b>			<b>\$ 260,200</b>	<b>\$ 37,600</b>

**WRIGHT TOWNSHIP**  
**Notes to Basic Financial Statements**  
**March 31, 2013**

The General Obligation and Special Assessment Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded through General Fund contributions and special assessments levied against properties deemed to benefit from these public improvements. The Drain Improvement Notes will be repaid by the General Fund.

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 37,600	\$ 12,560	\$ 50,160
2015	32,600	10,860	43,460
2016	25,000	9,256	34,256
2017	30,000	7,860	37,860
2018	25,000	6,452	31,452
2019	25,000	5,158	30,158
2020	25,000	3,851	28,851
2021	30,000	2,399	32,399
2022	30,000	802	30,802
	<u>\$ 260,200</u>	<u>\$ 59,198</u>	<u>\$ 319,398</u>

**Note G – Stewardship, Accountability and Compliance**

The Township's General Fund actual expenditures at March 31, 2013 exceeded final budgeted amounts as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Health and welfare	\$ 25,151	\$ 25,323	\$ 172

**Note H – Commitments and Contingencies**

Wright Township (the Township) and the City of Grand Rapids (the City) have executed a Water and Sanitary Sewer Service Agreement whereby the Township will decommission its system (lagoon closure) and will connect to the City's sanitary sewer system. Part of this agreement provides that the City will make available up to \$450,000 in loans to the Township to help finance the lagoon closure, which loans will be repaid by user fees assessed on future users of the system. Following lagoon closure, the Township shall pay to the State of Michigan an additional sum to be determined. The additional sum shall be at least \$10,000, but shall be no more than \$50,000.

## **SUPPLEMENTARY INFORMATION**

## **GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**WRIGHT TOWNSHIP  
General Fund  
Comparative Balance Sheet  
March 31, 2013 and 2012**

	2013	2012
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 1,183,809	\$ 1,101,848
Taxes receivable	12,125	10,661
Due from other funds	2,050	-
Due from other governmental units	35,829	35,450
	<b>\$ 1,233,813</b>	<b>\$ 1,147,959</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 200
Due to other governmental units	1,317	1,145
Unearned revenue	-	400
	<b>1,317</b>	<b>1,745</b>
<b>Fund Balances</b>		
Restricted	93,500	93,750
Unassigned	1,138,996	1,052,464
	<b>1,232,496</b>	<b>1,146,214</b>
	<b>\$ 1,233,813</b>	<b>\$ 1,147,959</b>

**WRIGHT TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended March 31, 2013 and 2012**

	2013	2012
<b>Taxes:</b>		
Current property taxes	\$ 105,290	\$ 104,606
Fire protection taxes	84,715	83,197
Aging Council millage	26,469	26,258
Delinquent property taxes	629	480
Industrial facilities taxes	1,226	1,917
Trailer fees	431	207
Penalties and interest on taxes	981	1,176
Property tax administration fees	30,252	30,280
	<u>249,993</u>	<u>248,121</u>
<b>Licenses and permits:</b>		
Special use permits	-	400
IFT application fees	150	-
Building, mechanical and electrical permits	3,872	2,123
Site plan reviews	-	150
Soil erosion fees	400	550
Land division applications	575	225
	<u>4,997</u>	<u>3,448</u>
<b>State sources:</b>		
Sales taxes	229,846	219,062
Other State shared revenue	4,975	4,806
	<u>234,821</u>	<u>223,868</u>
<b>Charges for services:</b>		
Board of appeals fees	500	-
Summer tax collection fees	1,873	1,936
Franchise fees	876	763
Sale of cemetery lots	3,300	200
Cemetery perpetual care fees	-	1,334
	<u>6,549</u>	<u>4,233</u>
<b>Fines and forfeitures:</b>		
Ordinance fines	76	673
<b>Interest and rentals:</b>		
Interest on deposits	3,872	4,180
<b>Other revenue:</b>		
Donations	2,200	55
Election reimbursement	6,693	1,066
Refunds of expenditures	504	9,711
Miscellaneous	564	446
	<u>9,961</u>	<u>11,278</u>
<b>Total Revenues</b>	<u><u>\$ 510,269</u></u>	<u><u>\$ 495,801</u></u>

**WRIGHT TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended March 31, 2013 and 2012**

	2013	2012
Current:		
General government:		
Township board:		
Salaries	\$ 2,800	\$ 2,800
Mileage	-	117
Education and training	15	30
Dues and memberships	-	12
	<u>2,815</u>	<u>2,959</u>
Supervisor:		
Salary	19,500	19,500
Supplies	-	11
Mileage	554	722
Education and training	314	15
Miscellaneous	48	5
	<u>20,416</u>	<u>20,253</u>
Clerk:		
Salaries:		
Clerk	19,000	19,000
Deputy	5,479	3,759
Supplies	80	-
Contracted services	630	1,065
Mileage	284	287
Education and training	209	32
Dues and memberships	100	110
Miscellaneous	7	30
	<u>25,789</u>	<u>24,283</u>
Board of review:		
Salaries	1,305	900
Printing and publishing	126	76
Miscellaneous	-	71
	<u>1,431</u>	<u>1,047</u>
General administration:		
Clerical salary	1,298	4,254
Office supplies	4,371	6,094
Engineering fees	510	125
Equipment repair and maintenance	2,789	1,395
Office cleaning	1,750	1,820
Mileage	-	221
Printing and publishing	1,138	1,150
Dues and memberships	2,060	2,098
Miscellaneous	468	1,149
Capital outlay	-	2,750
	<u>14,384</u>	<u>21,056</u>
Treasurer:		
Salaries:		
Treasurer	19,000	18,958
Deputy	1,894	1,036
Property tax administration system	2,629	2,635

(Continued)

**WRIGHT TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended March 31, 2013 and 2012**

	2013	2012
Treasurer: (Continued)		
Mileage	\$ 518	\$ 444
Education and training	933	999
Printing and publishing	-	54
Dues and memberships	70	70
Miscellaneous	-	5
	<u>25,044</u>	<u>24,201</u>
Assessor:		
Salary	15,637	15,637
Contracted services	1,528	1,139
Printing and publishing	88	-
Dues and memberships	20	20
	<u>17,273</u>	<u>16,796</u>
Elections:		
Salaries	3,431	1,707
Office supplies	353	282
Contracted services	560	1,070
Mileage	491	231
Education and training	661	168
Printing and publishing	781	-
Miscellaneous	186	-
	<u>6,463</u>	<u>3,458</u>
Buildings and grounds:		
Maintenance supplies	421	1,229
Contracted services	1,342	2,228
Telephone	1,796	1,277
Utilities	7,624	7,765
Building maintenance	15,359	15,701
	<u>26,542</u>	<u>28,200</u>
Legal and audit:		
Legal fees	3,063	6,656
Audit fees	9,000	9,950
	<u>12,063</u>	<u>16,606</u>
Cemetery:		
Grounds maintenance	7,449	7,439
Total general government	<u>159,669</u>	<u>166,298</u>
Public safety:		
Fire protection:		
Fire board salaries	200	500
Contributions to Tallmadge Township	73,000	73,000
Fire millage payment to Tallmadge Township	63,561	63,211
	<u>136,761</u>	<u>136,711</u>
Inspections:		
Contracted inspection services	3,872	2,123
Total public safety	<u>140,633</u>	<u>138,834</u>

(Continued)

**WRIGHT TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended March 31, 2013 and 2012**

	2013	2012
Public works:		
Drains:		
Drain maintenance	\$ 8,916	\$ 13,037
Highways, streets and bridges:		
Road improvements	250	250
Dust layer	21,929	20,154
	<u>22,179</u>	<u>20,404</u>
Street lighting:		
Utilities	7,480	8,128
Total public works	<u>38,575</u>	<u>41,569</u>
Health and welfare:		
Agency on Aging:		
Aging Council millage	25,323	26,302
Community and economic development:		
Planning:		
Planning commission fees	1,704	2,532
Contracted services	138	5,984
Printing and publishing	-	95
Miscellaneous	140	-
	<u>1,982</u>	<u>8,611</u>
Zoning:		
Zoning board of appeals	450	-
Printing and publishing	55	-
	<u>505</u>	<u>-</u>
Total community and economic development	<u>2,487</u>	<u>8,611</u>
Recreation and cultural:		
Parks and recreation:		
Cole Park improvements	186	338
Historical commission:		
Supplies	1,727	-
Miscellaneous	180	-
	<u>1,907</u>	<u>-</u>
Total recreation and cultural	<u>2,093</u>	<u>338</u>
Other township:		
Social Security taxes	6,889	6,939
Contracted services	102	150
Professional services	35	-
Insurance and bonds	5,690	6,102
Workers' compensation insurance	867	-
Miscellaneous	9,799	109
Total other township	<u>23,382</u>	<u>13,300</u>
<b>Total Expenditures</b>	<u><u>\$ 392,162</u></u>	<u><u>\$ 395,252</u></u>

## **NONMAJOR GOVERNMENTAL FUNDS**

**WRIGHT TOWNSHIP**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**March 31, 2013**

	Debt Service General Obligation	Permanent Cemetery Perpetual Care	Total
<b>Assets</b>			
Cash equivalents, deposits and investments	\$ -	\$ 20,318	\$ 20,318
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>	\$ -	\$ -	\$ -
<b>Fund Balances</b>			
Nonspendable	-	20,318	20,318
<b>Total Liabilities and Fund Balances</b>	\$ -	\$ 20,318	\$ 20,318

**WRIGHT TOWNSHIP**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended March 31, 2013**

	Debt Service <u>General Obligation</u>	Permanent Cemetery <u>Perpetual Care</u>	<u>Total</u>
<b>Revenues</b>			
Charges for services	\$ -	\$ 3,300	\$ 3,300
Interest and rentals	-	89	89
<b>Total Revenues</b>	<u>-</u>	<u>3,389</u>	<u>3,389</u>
<b>Expenditures</b>			
Debt service:			
Principal repayment	20,000	-	20,000
Interest and fiscal charges	11,825	-	11,825
<b>Total Expenditures</b>	<u>31,825</u>	<u>-</u>	<u>31,825</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(31,825)</u>	<u>3,389</u>	<u>(28,436)</u>
<b>Other Financing Sources</b>			
Transfers in	31,825	-	31,825
<b>Net Change In Fund Balances</b>	-	3,389	3,389
<b>Fund Balances, Beginning of Year</b>	-	16,929	16,929
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ 20,318</u>	<u>\$ 20,318</u>

## **AGENCY FUNDS**

*Trust Account Agency* — to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

*Tax Account Agency* — to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

**WRIGHT TOWNSHIP**  
**All Agency Funds**  
**Combining Schedule of Changes in Assets and Liabilities**  
**For the year ended March 31, 2013**

	Balances April 1, 2012	Additions	Deductions	Balances March 31, 2013
<b>Trust Account Fund</b>				
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 2,071	\$ 14,346	\$ 14,390	\$ 2,027
<b>Liabilities</b>				
Escrow deposits	\$ 2,031	\$ 1,913	\$ 1,950	\$ 1,994
Due to other funds	-	934	934	-
Due to other governmental units	40	11,499	11,506	33
<b>Total Liabilities</b>	<b>\$ 2,071</b>	<b>\$ 14,346</b>	<b>\$ 14,390</b>	<b>\$ 2,027</b>
<b>Tax Account Fund</b>				
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 177	\$ 2,986,634	\$ 2,984,761	\$ 2,050
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 3,823	\$ 3,823	\$ -
Due to other funds	-	262,285	260,235	2,050
Due to other governmental units	177	2,720,526	2,720,703	-
<b>Total Liabilities</b>	<b>\$ 177</b>	<b>\$ 2,986,634</b>	<b>\$ 2,984,761</b>	<b>\$ 2,050</b>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 2,248	\$ 3,000,980	\$ 2,999,151	\$ 4,077
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 3,823	\$ 3,823	\$ -
Escrow deposits	2,031	1,913	1,950	1,994
Due to other funds	-	263,219	261,169	2,050
Due to other governmental units	217	2,732,025	2,732,209	33
<b>Total Liabilities</b>	<b>\$ 2,248</b>	<b>\$ 3,000,980</b>	<b>\$ 2,999,151</b>	<b>\$ 4,077</b>

## **OTHER INFORMATION**

**WRIGHT TOWNSHIP**  
**Summary of 2012 Taxes Levied and Collected**  
**For the year ended March 31, 2013**

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<b><u>Ad Valorem Taxes</u></b>					
<b>Ottawa County</b>					
Operating	\$104,766,540	4.3565	\$ 456,161	\$ 16,797	\$ 439,364
<b>Northeast Ottawa Library District</b>	104,766,540	0.5881	61,573	3,189	58,384
<b>State Education Tax</b>		6.0000			
Coopersville Public Schools	73,804,107		435,402	16,934	418,468
Kenowa Hills Public Schools	28,580,320		169,365	3,822	165,543
Sparta Area Schools	2,382,113		14,293	-	14,293
<b>Total State Education Tax</b>			619,060	20,756	598,304
<b>School Districts</b>					
Kent Intermediate School District	30,962,433	4.6903	145,220	3,302	141,918
Ottawa Intermediate School District	73,804,107	5.5234	407,350	22,876	384,474
Grand Rapids Community College	30,962,433	1.7865	55,311	1,257	54,054
Coopersville Public Schools:					
Other	73,804,107	8.6900	640,890	35,991	604,899
Operating	7,142,235	18.0000	124,593	13,717	110,876
Kenowa Hills Public Schools:					
Other	30,220,983	2.9700	89,561	2,091	87,470
Operating	11,092,357	18.0000	178,406	2,244	176,162
Sparta Area Schools:					
Other	2,382,113	6.8052	16,210	168	16,042
Operating	408,141	18.0000	7,240	24	7,216
<b>Total School Districts</b>			1,664,781	81,670	1,583,111
<b>Wright Township</b>					
Operating	104,766,540	1.0059	105,322	5,455	99,867
Fire protection		0.8000	83,766	4,339	79,427
Aging Council		0.2500	26,171	1,355	24,816
Delinquent sewer usage			33,454	10,539	22,915
Administration fees			30,103	1,335	28,768
<b>Total Township</b>			278,816	23,023	255,793
<b>Total Ad Valorem Taxes</b>			<u>\$3,080,391</u>	<u>\$ 145,435</u>	<u>\$2,934,956</u>

(Continued)

**WRIGHT TOWNSHIP**  
**Summary of 2012 Taxes Levied and Collected**  
**For the year ended March 31, 2013**

<u>Tax Abatements</u>	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<b>Industrial Facilities (P.A. 198) New</b>					
<b>Ottawa County</b>	\$ 2,566,207	2.17825	\$ 5,311	\$ -	\$ 5,311
<b>Ottawa District Library</b>	2,566,207	0.29405	717	-	717
<b>State Education Tax</b>		6.00000			
Coopersville Public Schools	3,500		21	-	21
Kenowa Hills Public Schools	1,432,707		7,829	-	7,829
<b>Kent Intermediate School District</b>	1,432,707	2.34515	5,227	-	5,227
<b>Ottawa Intermediate School District</b>	3,500	2.76170	579	-	579
<b>Grand Rapids Community College</b>	1,432,707	0.89325	1,991	-	1,991
<b>Coopersville Public Schools</b>					
Operating	3,500	4.34500	911	-	911
Other	3,500	9.00000	31	-	31
<b>Kenowa Hills Public Schools</b>					
Operating	1,432,707	1.48500	3,500	-	3,500
Other	1,432,707	9.00000	11,744	-	11,744
<b>Wright Township</b>	2,566,207				
Operating		0.50295	1,226	-	1,226
Fire protection		0.40000	975	-	975
Aging Council		0.12500	305	-	305
Administration fees			404	-	404
<b>Total Industrial Facilities (P.A. 198) NEW</b>			<u>\$ 40,771</u>	<u>\$ -</u>	<u>\$ 40,771</u>

Shareholders

Jerry W. Nichols, CPA  
Daniel L. Carter, CPA  
Richard L. Chrisman, CPA  
Peggy A. Murphy, CPA  
Phillip W. Saurman, CPA  
Mitchell C. Burgers, CPA  
Carla A. Grant, CPA  
Thomas C. Prince, CPA

May 24, 2013

The Township Board  
Wright Township  
Ottawa County, Michigan

We have audited the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of Wright Township for the year ended March 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 6, 2012. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wright Township are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 most sensitive estimates affecting the Governmental Activities financial statements were:

Management's estimate of the lives of capital assets. We evaluated the key factors and assumptions used to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain amounts included in capital assets have been estimated by appraisers based on historical information for assets placed in service prior to implementation of GASB Statement No. 34.

**Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Significant adjustments derived from the audit process are as follows:

#### General Fund

- \$7,453 to correct the cash account beginning balance
- \$12,125 and \$10,661 to reverse and accrue prior and current year taxes receivable
- \$1,319 to adjust bank accounts, CDs, and interest income at year-end
- \$2,250 to record Tax Account balances due to the General Fund at year-end

#### Special Assessment Debt Service Fund

- \$3,856 to record special assessment principal payments collected.

### **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 disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated May 24, 2013.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matter, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in documents containing the governmental unit's audited financial statements does not extend beyond the financial information identified in the audit report and we are not required to perform procedures to corroborate such other information. However, in accordance with the applicable standards, we have read Management's Discussion and Analysis and considered whether such information, or the manner of its presentation, was materially consistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. No material inconsistencies or misstatements came to our attention.

**Closing**

This communication is intended solely for the use of the Wright Township Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

*Hungerford, Alderson, Nichols & Bersten, P.C.*

Certified Public Accountants

Jerry W. Nichols, CPA  
Daniel L. Carter, CPA  
Richard L. Chrisman, CPA  
Peggy A. Murphy, CPA  
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Mitchell C. Burgers, CPA  
Carla A. Grant, CPA  
Thomas C. Prince, CPA

May 24, 2013

The Township Board  
Wright Township  
Ottawa County, Michigan

The following comments pertain to our audit of the financial records of Wright Township as of and for the year ended March 31, 2013. The comments are made in accordance with Statement on Auditing Standards No. 115 "*Communicating Internal Control Related Matters Identified in an Audit*" which has the following two unconditional requirements:

- The auditor must evaluate identified *deficiencies* and determine whether those deficiencies, individually or in combination, are *significant deficiencies* or *material weaknesses*.
- The auditor *must communicate, in writing, significant deficiencies and material weaknesses* to management and those charged with governance. This communication includes significant deficiencies and material weaknesses identified and communicated to management and those charged with governance in prior audits but not yet remediated.

A *deficiency in design* exists when a control necessary to meet the control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A *deficiency in operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *significant deficiency* is a deficiency, or 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.

A *material weakness* is a deficiency, or 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.



Member

The following describe circumstances that may be deficiencies, significant deficiencies, or material weaknesses:

- Inadequate *design* of internal control over a significant account or process.
- Inadequate *documentation* of the components of internal control.
- Insufficient *control consciousness* within the organization, for example, the tone at the top and the control environment.
- Inadequate or absent *segregation of duties* within a significant account or process.
- Inadequate design of *information technology* (IT) general and application controls.
- Inadequate design of *monitoring* controls used to assess the design and operating effectiveness of internal controls.
- The absence of an internal process to *report deficiencies* in internal controls to management on a timely basis.
- Employees or management who *lack the qualifications and training* to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply GAAP and GASB in recording the entity's financial transactions or *preparing its financial statements* (including the notes to basic financial statements).

The management of Wright Township is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

In planning and performing our audit of the financial statements of Wright Township as of and for the year ended March 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Wright Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

- Employees or management who lack the qualifications and training to fulfill certain functions; specifically, the lack of knowledge and skills to apply Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements in preparing its government-wide financial statements (including the notes to basic financial statements).

This communication is intended solely for the information and use of management, the Township Board, others within the organization, and the Michigan Department of Treasury. It is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Aldrin, Nichols & Benton, P.C.*

Certified Public Accountants