TOWNSHIP OF RONALD
Ionia County, Michigan

FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type	Local Unit Name	County
☐County ☐City ☒Twp ☐Village ☐Other	Township of Ronald	Ionia

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
March 31, 2008	June 30, 2008	July 8, 2008

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

	YES	NO	**Check each applicable box below**. (See instructions for further detail.)
1.	☒	☐	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2.	☒	☐	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3.	☒	☐	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.	☒	☐	The local unit has adopted a budget for all required funds.
5.	☒	☐	A public hearing on the budget was held in accordance with State statute.
6.	☒	☐	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7.	☒	☐	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.	☒	☐	The local unit only holds deposits/investments that comply with statutory requirements.
9.	☒	☐	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan,* as revised (see Appendix H of Bulletin).
10.	☒	☐	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11.	☒	☐	The local unit is free of repeated comments from previous years.
12.	☒	☐	The audit opinion is UNQUALIFIED.
13.	☒	☐	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.	☒	☐	The board or council approves all invoices prior to payment as required by charter or statute.
15.	☒	☐	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☐	N/A

Certified Public Accountant (Firm Name)	Telephone Number		
Campbell, Kusterer & Co., P.C.	989-894-1040		
Street Address	**City**	**State**	**Zip**
512 N. Lincoln, Suite 100, P.O. Box 686	Bay City	MI	48707

Authorizing CPA Signature	Printed Name	License Number
	Mark J. Campbell	1101007803

TOWNSHIP OF RONALD
Ionia County, Michigan

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	5
Government-wide Statement of Activities	6
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	7
Reconciliation of Balance Sheet of Governmental Fund to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	10
Notes to Financial Statements	11-15
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	16
Other supporting information:	
General Fund Expenditures by Detailed Account	17-18
Current Tax Collection Fund Statement of Changes in Assets and Liabilities	19
Current Tax Collection Fund Statement of Cash Receipts and Disbursements	20

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

June 30, 2008

To the Township Board
Township of Ronald
Ionia County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Ronald, Ionia County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Ronald's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Ronald, Ionia County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF RONALD
Ionia County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Ronald covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled $230,937.70 for governmental activities. Overall total capital assets remained the same.

Overall revenues were $199,333.68. Governmental activities had a $1,143.62 increase in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund.

TOWNSHIP OF RONALD
Ionia County, Michigan

CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	Total Governmental Activities 2008
Current Assets	91 856
Capital Assets	139 082
Total Assets	230 938
Current Liabilities	-
Non-current Liabilities	-
Total Liabilities	-
Net Assets:	
Invested in Capital Assets	139 082
Unrestricted	91 856
Total Net Assets	230 938

	Total Governmental Activities 2008
Program Revenues:	
Fees and Charges for Services	14 355
General Revenues:	
Property Taxes	134 561
State Revenue Sharing	31 142
Interest	3 614
Miscellaneous	15 662
Total Revenues	199 334
Program Expenses:	
Legislative	20 116
General Government	78 753
Public Safety	60 791
Public Works	38 530
Total Expenses	198 190
Increase in Net Assets	1 144
Net Assets, April 1	229 794
Net Assets, March 31	230 938

TOWNSHIP OF RONALD
Ionia County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for all of the Township's governmental services. The most significant are highways and streets which incurred expenses of $35,842.38 and Fire Protection which incurred expenses of $42,193.68.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities did not invest in capital assets this year.

The Township's governmental activities did not have any long-term debt this year.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents 68% of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Treasurer, Tamara Hartman (616) 527-4445 or the Township Clerk, Arthur Pelon (616) 761-3952.

TOWNSHIP OF RONALD
Ionia County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	86 655 32
Taxes receivable	5 200 43
Total Current Assets	91 855 75
NON-CURRENT ASSETS:	
Capital Assets	213 456 00
Less: Accumulated Depreciation	(74 374 05)
Total Non-current Assets	139 081 95
TOTAL ASSETS	230 937 70
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	-
Total Current Liabilities	-
NON-CURRENT LIABILITIES:	
Contract payable	-
Total Non-current liabilities	-
Total Liabilities	-
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	139 081 95
Unrestricted	91 855 75
Total Net Assets	230 937 70
TOTAL LIABILITIES AND NET ASSETS	230 937 70

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

TOWNSHIP OF RONALD
Ionia County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

		Program Revenue	Governmental Activities
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:			
Legislative	20 115 76	-	(20 115 76)
General government	78 753 13	13 120 29	(65 632 84)
Public safety	60 791 50	-	(60 791 50)
Public works	38 529 67	1 235 00	(37 294 67)
Total Governmental Activities	198 190 06	14 355 29	(183 834 77)
General Revenues:			
Property taxes			31 141 40
State revenue sharing			134 561 35
Interest			3 614 16
Miscellaneous			15 661 48
Total General Revenues			184 978 39
Change in net assets			1 143 62
Net assets, beginning of year			229 794 08
Net Assets, End of Year			230 937 70

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

TOWNSHIP OF RONALD
Ionia County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	Total (General)
Assets	
Cash in bank	85 398 07
Taxes receivable	5 200 43
Due from other funds	1 257 25
Total Assets	91 855 75
Liabilities and Fund Equity	
Liabilities	-
Total liabilities	-
Fund equity:	
Fund balances:	
Unreserved:	
Undesignated	91 855 75
Total fund equity	91 855 75
Total Liabilities and Fund Equity	91 855 75

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

TOWNSHIP OF RONALD
Ionia County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	91 855 75
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	213 456 00
Accumulated depreciation	(74 374 05)
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	230 937 70

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

TOWNSHIP OF RONALD
Ionia County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year ended March 31, 2008

	Total (General)
Revenues:	
Property taxes	31 141 40
Trailer park fees	181 50
State revenue sharing	134 561 35
Charges for services – PTAF	12 938 79
Interest	3 614 16
Special assessments	1 235 00
Miscellaneous	15 661 48
Total revenues	199 333 68
Expenditures:	
Legislative:	
Township Board	20 115 76
General government:	
Supervisor	8 116 00
Elections	829 96
Clerk	12 515 60
Assessor	11 042 96
Board of Review	750 00
Treasurer	14 391 48
Building and grounds	11 378 92
Cemetery	19 728 21
Public safety:	
Fire protection	42 193 68
Ambulance	8 582 52
Public works:	
Highways and streets	35 842 38
Street lighting	2 687 29
Total expenditures	188 174 76
Excess (deficiency) of revenues over expenditures	11 158 92
Fund balances, April 1	80 696 83
Fund Balances, March 31	91 855 75

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

TOWNSHIP OF RONALD
Ionia County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	11 158 92

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

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

Depreciation Expense	(10 015 30)
Capital Outlay	-
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	1 143 62

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

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Ronald, Ionia County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Ronald. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

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. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

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

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was .7715 mills, and the taxable value was $40,371,066.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than $500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	30 years
Equipment	20-30 years

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

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

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Note 3 – Deposits and Investments (continued)

The Township Board has designated two financial institutions for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

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

	Carrying Amounts
Total Deposits	86 656 03

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	Bank Balances
Insured (FDIC)	89 234 08
Uninsured and Uncollateralized	-
Total Deposits	89 234 08

The Township did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the grater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds are the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities though the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
Governmental Activities:				
Land	1 350 00	-	-	1 350 00
Building	6 000 00	-	-	6 000 00
Equipment	206 106 00	-	-	206 106 00
Total	213 456 00	-	-	213 456 00
Accumulated Depreciation	(64 358 75)	(10 015 30)	-	(74 374 05)
Net Capital Assets	149 097 25	(10 015 30)	-	139 081 95

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering substantially all full time employees. The Township's contribution for the year ended March 31, 2008 was $9,303.58.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

The Township of Ronald does not issue building permits. Building permits are issued by the County of Ionia.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	1 257 25	Current Tax Collection	1 257 25
Total	1 257 25	Total	1 257 25

TOWNSHIP OF RONALD
Ionia County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	32 000 00	32 000 00	31 141 40	(858 60)
Trailer park fees	150 00	150 00	181 50	31 50
State revenue sharing	133 665 00	133 665 00	134 561 35	896 35
Charges for services- PTAF	11 500 00	11 500 00	12 938 79	1 438 79
Interest	2 700 00	2 700 00	3 614 16	914 16
Special assessments	1 200 00	1 200 00	1 235 00	35 00
Miscellaneous	630 00	630 00	15 661 48	15 031 48
Total revenues	181 845 00	181 845 00	199 333 68	17 488 68
Expenditures:				
Legislative:				
Township Board	25 000 00	25 000 00	20 115 76	(4 884 24)
General government:				
Supervisor	9 000 00	9 000 00	8 116 00	(884 00)
Elections	2 000 00	2 000 00	829 96	(1 170 04)
Clerk	15 000 00	15 000 00	12 515 60	(2 484 40)
Assessor	12 000 00	12 000 00	11 042 96	(957 04)
Board of Review	1 000 00	1 000 00	750 00	(250 00)
Treasurer	16 000 00	16 000 00	14 391 48	(1 608 52)
Building and grounds	12 000 00	12 000 00	11 378 92	(621 08)
Cemetery	6 000 00	21 000 00	19 728 21	(1 271 79)
Public safety:				
Fire protection	54 000 00	54 000 00	42 193 68	(11 806 32)
Ambulance	9 000 00	9 000 00	8 582 52	(417 48)
Public works:				
Highways and streets	44 145 00	44 145 00	35 842 38	(8 302 62)
Street lighting	2 700 00	2 700 00	2 687 29	(12 71)
Total expenditures	207 845 00	222 845 00	188 174 76	(34 670 24)
Excess (deficiency) of revenues over expenditures	(26 000 00)	(41 000 00)	11 158 92	52 158 92
Fund balance, April 1	26 000 00	41 000 00	80 696 83	39 696 83
Fund Balance, March 31	-	-	91 855 75	91 855 75

TOWNSHIP OF RONALD
Ionia County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:	
Wages	2 100 00
Pension	9 303 58
Dues	1 645 68
Insurance	6 689 00
Printing and publishing	288 75
Miscellaneous	88 75
	20 115 76
Supervisor:	
Salary	8 000 00
Miscellaneous	116 00
	8 116 00
Elections:	
Wages	828 00
Miscellaneous	1 96
	829 96
Clerk:	
Salary	12 000 00
Supplies	285 44
Miscellaneous	230 16
	12 515 60
Assessor:	
Contracted services	10 032 96
Miscellaneous	1 010 00
	11 042 96
Board of Review:	
Wages	750 00
Treasurer:	
Salary	12 000 00
Supplies	2 123 48
Miscellaneous	268 00
	14 391 48
Building and grounds:	
Repairs and maintenance	8 260 34
Utilities	1 010 84
Supplies	1 895 76
Miscellaneous	211 98
	11 378 92
Cemetery	19 728 21
Fire protection:	
Wages	11 474 42
Contracted services	860 00
Utilities	564 16
Supplies	5 469 78
Telephone	802 04
Insurance	13 658 75
Repairs and maintenance	9 226 53
Miscellaneous	138 00
	42 193 68

TOWNSHIP OF RONALD
Ionia County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Ambulance	8 582 52
Highways and streets	35 842 38
Street lighting	2 687 29
Total Expenditures	188 174 76

TOWNSHIP OF RONALD
Ionia County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2008

	Balance 4/1/07	Additions	Deductions	Balance 3/31/08
Assets				
Cash in Bank	2 696 64	920 082 62	921 522 01	1 257 25
Liabilities				
Due to other funds	2 696 64	40 498 47	41 937 86	1 257 25
Due to others	-	879 584 15	879 584 15	-
Total Liabilities	2 696 64	920 082 62	921 522 01	1 257 25

TOWNSHIP OF RONALD
Ionia County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2008

Cash in bank – beginning of year	2 696 64
Cash receipts:	
Property tax	919 833 98
Interest	248 64
Total cash receipts	920 082 62
Total beginning balance and cash receipts	922 779 26
Cash disbursements:	
Township General Fund	41 937 86
Ionia County	435 175 02
Ionia Public Schools	215 689 78
Palo Community Schools	66 980 33
Ionia Intermediate School District	157 006 05
Carson City- Crystal Area Schools	296 82
Central Montcalm Public Schools	513 44
Montcalm County Intermediate School District	448 22
Montcalm Community College	330 13
Refunds	3 144 36
Total cash disbursements	921 522 01
Cash in Bank – End of Year	1 257 25

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 30, 2008

To the Township Board
Township of Ronald
Ionia County, Michigan

We have audited the financial statements of the Township of Ronald for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Ronald in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Ronald
Ionia County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants