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Auditing Procedures Report V1.04

Issued under Public Act 2 of 1968, as amended.

Unit Name Raisin Charter Township	County LENAWEE	Type TOWNSHIP	MuniCode 46-1-150
Opinion Date-Use Calendar Jul 9, 2008	Audit Submitted-Use Calendar Jul 24, 2008	Fiscal Year-Use Drop List	2007

If a local unit of government (authorities & 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, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

- 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- 5. Did the local unit adopt a budget for all required funds?
- 6. Was a public hearing on the budget held in accordance with State statute?
- 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- 12. Is the local unit free of repeated reported deficiencies from previous years?
- 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
- 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- 18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 1,467,604.00
General Fund Expenditure:	\$ 570,062.00
Major Fund Deficit Amount:	\$ 15,036.00

General Fund Balance:	\$ 696,778.00
Governmental Activities Long-Term Debt (see instructions):	\$ 535,043.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name) Brian	Last Name Nozinger	Ten Digit License Number 1101022634		
CPA Street Address 153 E Maumee Street	City Adrian	State MI	Zip Code 49221	Telephone +1 (517) 263-5788
CPA Firm Name Gross, Puckey, Gruel & Roof	Unit's Street Address 153 E Maumee Street	City Adrian	LU Zip 49221	

CHARTER TOWNSHIP OF RAISIN
Lenawee County, Michigan

FINANCIAL STATEMENTS and
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2007

CHARTER TOWNSHIP OF RAISIN
Lerawee County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
Year Ended December 31, 2007

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Charter Township of Raisin
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Raisin, Lenawee County, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Raisin's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2008 on our consideration of Charter Township of Raisin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5, 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 opinions on the financial statements that collectively comprise the Charter Township of Raisin, Lenawee County, Michigan's basic financial statements. The combining major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gross, Puckey, Gruel & Roof, P.C.

Adrian, Michigan
July 9, 2008

Raisin Charter Township

MANAGEMENT DISCUSSION AND ANALYSIS

For the Fiscal Year Ended December 31, 2007

The Management's discussion and analysis, a requirement of GASB 34, is intended to be the Raisin Charter Township Management's discussion and analysis of the financial results for the year ended December 31, 2007. As management of the Raisin Charter Township, Lenawee County, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township.

FINANCIAL HIGHLIGHTS

- The assets of Raisin Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$1,596,384 (*net assets*). Of this amount \$669,494 (*unrestricted net assets*) may be used to meet the township's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, Township's governmental funds reported combined ending fund balances of \$1,596,384, an increase of \$249,856 in comparison with the prior year. Approximately 41% is available for spending at the discretion of the Township (*unreserved balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$661,779 or 109% of total general fund expenditures.
- The Township's total debt decreased by \$180,399 (25%) during the current fiscal year. Existing debt was reduced by \$180,399 while no new debt was acquired.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Raisin Charter 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 the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, fire department, and police department. The business-type activities of the Township include: building fund. The government-wide financial statements can be found on pages 6 -7 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. Raisin Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Raisin Charter Township maintains 3 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Department Fund, and Police Department Fund. The General Fund, Fire Department Fund and Police Department Fund are considered to be major funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Proprietary funds. Raisin Charter Township maintains a single proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses the enterprise fund to account for its Building services. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township uses fiduciary funds to account for its taxes collected for other governmental units. The basic fiduciary fund financial statements can be found on pages 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*: Budgetary Comparison Schedules for the General, Fire Department and Police Department Funds. Required supplementary information can be found on pages 21 - 23 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Raisin Charter Township, assets exceeded liabilities by \$1,596,384 at the close of the most recent fiscal year. By far the most significant portion of the Township's net assets (57%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net assets* (\$669,494) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in net assets for the government as a whole.

The Township's net assets increased by \$249,856 during the current fiscal year as discussed below.

Governmental activities. Governmental activities increased the Township's net assets by \$138,657. Key elements of this increase are as follows:

- The Township's Cable TV revenue increased by \$25,268 or 94.6% more income in 2007 than during 2006.
- The Township received \$72,869 more tax revenue in 2007 than in 2006 which is a 9% increase mainly due to increased development in the township resulting in increased taxable value.
- The amount spent on general governmental activities decreased by \$246,781 or 13% mainly due to less money spent for public work projects.
- The amount spent on public work projects in 2007 decreased by \$216,111 compared to 2006 as a result of decreased road construction.

Business-type activities. Business-type activities decreased the Township's net assets by \$12,826. Key elements of this decrease are as follows:

- Although there was a 61% increase in charges for services (permits) which represented a \$37,311 increase over 2006, the building department expenses only decreased \$2,908 or 2.6%.

Financial Analysis of the Township's Funds

As noted earlier, the Township used 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 Township'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 \$706,427, an increase of \$173,656 in comparison with the prior year. Approximately 100% of this total amount constitutes *unreserved fund balance*, which is available for spending at the Township's discretion.

The fund balance of the Township's general fund increased by \$196,842 during the current fiscal year, key factors were as follows:

- The Township's tax base continues to grow as new construction and subdivisions come into the area, causing tax revenues to increase; however, this growth has slowed.
- General inflation of expenses that matched revenue growth.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net deficit of the Building Fund at the end of the year amounted to \$45,337. The total decrease in net assets was \$12,826. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

During the course of the year, the board adjusted the budgeted expenditures within the general fund as they saw additional spending needs of the Township were warranted. Modifications to individual expenditure accounts had zero net effect.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounts to \$1,470,338 (net of accumulated depreciation). This investment in capital assets includes: land, buildings and system, improvements, machinery and equipment, furniture and fixtures, etc. The total increase in the Township's investment in capital assets for the current fiscal year was 4.5%. The highlights are as follows: police cruiser cameras; major improvement to the police headquarters, and purchases of assessing and tax software.

Details of the Township's capital assets are continued in the notes to the financial statements on page 19.

Long-term debt. At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$78,852. Of this amount, \$103,852 comprises debt backed by the full faith and credit of the government and \$10,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Additional information on the Township's long-term debt can be found in the notes on pages 19 - 20.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to remain constant with a chance of a decrease in the 2008 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. These factors were considered in preparing the Township's budget for the 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$669,494.

The Police and Fire Department's rescue call rates remained constant.

The Building Fund will continue to experience declined revenues due to the general economic conditions of Lenawee County and the collapse of the housing market.

Requests for Information

This financial report is designed to provide a general overview of Raisin Charter Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Carl F. Wagner
Township Supervisor
Raisin Charter Township
5525 Occidental Highway
Tecumseh, Michigan 49286
Fax: (517) 423-6732, Phone: (517) 423-3162
Or Email - supervisor@raisintownship.com

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government		
	Governmental Activities	Proprietary Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and deposits	\$ 383,759	\$ 33,366	\$ 417,125
Investments	173,854	-	173,854
Due from other funds	510,969	-	510,969
Accounts receivable	16,676	-	16,676
Total Current Assets	1,085,258	33,366	1,118,624
Non-current Assets			
Capital assets	3,251,646	14,008	3,265,654
Less: accumulated depreciation	(1,789,713)	(5,603)	(1,795,316)
Total Non-current Assets	1,461,933	8,405	1,470,338
Total assets	\$ 2,547,191	\$ 41,771	\$ 2,588,962
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 22,616	\$ 1,246	\$ 23,862
Due to other funds	(494,587)	77,456	(417,131)
Deferred revenue	815,804	-	815,804
Current portion of long term liabilities	78,852	-	78,852
Total Current Liabilities	422,685	78,702	501,387
Non-current Liabilities			
Non-current portion of long term liabilities	456,191	-	456,191
Total Non-current Liabilities	456,191	-	456,191
Total liabilities	878,876	78,702	957,578
Net Assets			
Investment in capital assets, net of related debt	926,890	-	926,890
Unrestricted designated for capital projects	-	-	-
Unrestricted / undesignated	741,426	(36,933)	704,493
Total Net Assets	\$ 1,668,316	\$ (36,933)	\$ 1,631,383

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

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
Legislative	\$ 135,194	\$ -	\$ -	\$ (135,194)
General government	237,102	9,560	-	(227,542)
Public safety	912,185	167,865	-	(744,320)
Public works	8,244	-	-	(8,244)
Culture and recreation	57,985	-	-	(57,985)
Depreciation (unallocated)	121,686	-	-	(121,686)
Total governmental activities	<u>1,472,396</u>	<u>177,425</u>	<u>-</u>	<u>(1,294,971)</u>
Proprietary activities:				
Building fund	<u>110,822</u>	<u>96,964</u>	<u>-</u>	<u>(13,858)</u>
Total primary government	<u>\$1,583,218</u>	<u>\$ 274,389</u>	<u>\$ -</u>	<u>(1,308,829)</u>
General Revenues:				
				919,811
Taxes and penalties				433,297
State revenue sharing				58,759
Interest and rentals				181,817
Other revenue				<u>1,593,684</u>
Total general revenues and transfers				
Change in Net Assets				284,855
Net assets - beginning				<u>1,346,528</u>
Net assets - ending				<u>\$ 1,631,383</u>

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

CHARTER TOWNSHIP OF RAISIN

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Capital Improvement</u>	<u>Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 221,811	\$ 152,916	\$ 9,032	\$ -	\$ 383,759
Investments	173,854	-	-	-	173,854
Accounts receivable	-	16,676	-	-	16,676
Due from other funds	510,969	-	-	-	510,969
	<u>\$ 906,634</u>	<u>\$ 169,592</u>	<u>\$ 9,032</u>	<u>\$ -</u>	<u>\$ 1,085,258</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 13,436	\$ 4,063	\$ 5,117	\$ -	\$ 22,616
Deferred revenues	815,804	-	-	-	815,804
Due to other funds	(619,383)	105,845	18,951	-	(494,587)
TOTAL LIABILITIES	209,857	109,908	24,068	-	343,833
FUND BALANCES:					
Designated for capital projects	-	-	-	-	-
Unrestricted	696,778	59,684	(15,036)	-	741,426
TOTAL FUND BALANCES	696,778	59,684	(15,036)	-	741,426
	<u>\$ 906,635</u>	<u>\$ 169,592</u>	<u>\$ 9,032</u>	<u>\$ -</u>	<u>\$ 1,085,259</u>

Total Governmental Fund Balances \$ 741,426

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

* Capital assets used in governmental activities are not financial resources and are not reported in the funds.	1,461,933
* Long-term liabilities are not due and payable in the current period and are not reported in the funds.	(535,043)
* Proprietary fund balance included in government-wide balances	<u>(36,933)</u>
Net assets of governmental activities	<u>\$ 1,631,383</u>

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

CHARTER TOWNSHIP OF RAISIN
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2007

	General	Fire
REVENUES:		
Taxes and penalties	\$ 798,078	\$ 75,019
State revenue sharing	433,297	-
Charges for services	9,560	167,489
Interest and rentals	53,105	3,975
Other revenue	173,564	4,700
Total revenues	1,467,604	251,183
EXPENDITURES:		
Current		
Legislative	135,194	-
General government	271,017	-
Public safety	-	576,127
Public works	8,244	-
Culture and recreation	57,985	-
Debt service	97,622	-
Capital outlay	-	91,048
Total expenditures	570,062	667,175
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	897,542	(415,992)
OTHER FINANCING SOURCES (USES):		
Grant proceeds	-	-
Operating transfers in	-	397,200
Operating transfers out	(700,700)	-
Total other financing sources (uses)	(700,700)	397,200
Net change in fund balances	196,842	(18,792)
FUND BALANCES:		
Fund Balance - January 1, 2007	499,936	78,476
Fund Balance - December 31, 2007	\$ 696,778	\$ 59,684

Net Change in Fund Balances - Total Governmental Funds

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.
- * Gains and losses on the disposal of fixed assets are included in the statement of activities but not as expenditures in the governmental funds.
- * Repayments of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt.)
- * Proprietary fund change in fund balance included in government-wide balances

Changes in net assets of governmental activities

<u>Police</u>	<u>Total Governmental Funds</u>
\$ 46,714	\$ 919,811
-	433,297
376	177,425
647	57,727
<u>3,553</u>	<u>181,817</u>
51,290	1,770,077
-	135,194
-	271,017
336,058	912,185
-	8,244
-	57,985
14,643	112,265
<u>8,483</u>	<u>99,531</u>
<u>359,184</u>	<u>1,596,421</u>
<u>(307,894)</u>	<u>173,656</u>
-	-
303,500	700,700
<u>-</u>	<u>(700,700)</u>
<u>303,500</u>	<u>-</u>
(4,394)	173,656
<u>(10,642)</u>	<u>567,770</u>
<u>\$ (15,036)</u>	<u>\$ 741,426</u>
	\$ 173,656
	(23,239)
	-
	147,264
	<u>(12,826)</u>
	<u>\$ 284,855</u>

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

CHARTER TOWNSHIP OF RAISIN

BALANCE SHEET
PROPRIETARY FUND
December 31, 2007

	<u>Building Fund</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 33,366
Due from other funds	<u>-</u>
TOTAL CURRENT ASSETS	33,366
NON-CURRENT ASSETS	
Capital assets	14,008
Less: accumulated depreciation	<u>(5,603)</u>
TOTAL NON-CURRENT ASSETS	8,405
TOTAL ASSETS	<u>\$ 41,771</u>
<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES	
Accounts payable	\$ 1,246
Due to other funds	<u>77,456</u>
TOTAL LIABILITIES	78,702
NET ASSETS	
Unrestricted	<u>(36,933)</u>
TOTAL NET ASSETS	<u>\$ 41,769</u>

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

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended December 31, 2007

	<u>Building Fund</u>
REVENUES:	
Charges for services	\$ 96,964
Interest and rentals	<u>1,032</u>
Total revenues	97,996
EXPENDITURES:	
Current	
Building department	<u>110,822</u>
Total expenditures	<u>110,822</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,826)
NET ASSETS:	
Net Assets - January 1, 2007	<u>(24,107)</u>
Net Assets - December 31, 2007	<u>\$ (36,933)</u>

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

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended December 31, 2007

	<u>Building Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 96,964
Cash paid to employees and suppliers	(67,634)
Cash received for interest	<u>1,032</u>
Net cash from operations	30,362
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers from other funds	<u>-</u>
Net cash from non-capital financing activities	<u>-</u>
INCREASE (DECREASE) IN CASH	30,362
BALANCE AT BEGINNING OF YEAR	<u>3,003</u>
BALANCE AT END OF YEAR	<u>\$ 33,365</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (12,826)
Depreciation expense	2,802
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	<u>40,386</u>
Net cash provided (used) by operating activities	<u>\$ 30,362</u>

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

CHARTER TOWNSHIP OF RAISIN

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

December 31, 2007

	<u>Trust and Agency</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,132,701
Taxes receivable	<u>1,572,335</u>
	<u>\$ 2,705,036</u>
 <u>LIABILITIES AND FUND BALANCES</u> 	
LIABILITIES:	
Due to other funds	\$ 928,099
Due to other governmental units	<u>1,776,937</u>
TOTAL LIABILITIES	<u>\$ 2,705,036</u>

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

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

I: DESCRIPTION OF THE TOWNSHIP AND REPORTING ENTITY

Charter Township of Raisin (The Township) operates under a locally elected seven member Board form of government. The Township provides the following services: public safety (fire protection, police and ambulance service), road construction, cemetery care, public improvements, planning and zoning, construction code inspections, water and sewer, and general administrative services.

Reporting Entity:

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Financial Reporting Entity*," these financial statements present the Charter Township of Raisin (the primary government). The criteria established by the GASB for determining the reporting entity includes fiscal dependency and whether the financial statements would be misleading if the data were not included. The Township had no component units at December 31, 2007.

II: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic primary government financial statements of Charter Township of Raisin, Lenawee County, Michigan (the Township) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Township's accounting policies are described below.

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Government activities*, which normally are 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

B. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. 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 they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

II: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized 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 collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue sharing, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

The *public safety fund* is used to account for the revenues and expenditures related to fire and police protection.

The Township reports the following major proprietary fund:

The *building department fund* is used to account for the building department's revenues and expenditures.

Additionally, the Township reports the following fund type:

The Fiduciary Funds – Trust and Agency Funds (*Tax Collection Fund*) account for assets held by the Township as an agent for other governments. Agency funds are reported as fiduciary funds and are not included in the government-wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

II: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement focus, basis of accounting, and financial statement presentation (Continued)

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. The principal operating revenues of the Township enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments include money market and certificate of deposits where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown net of an allowance for uncollectibles.

The Township levies property taxes on December 1 each year, and the taxes are payable without penalty through February 28. These taxes become liens on the property at the levy date. However, the revenues generated by the tax levy cannot be appropriated until the budget year following the levy date. The asset created by the levy on December 1 is recorded in the appropriate fund as current taxes receivable. In addition, a deferred revenue offset account is recorded on the fund financial statement recognizing the asset as unavailable for current appropriation.

The 2006 taxable valuation of the Township totaled \$260 million, on which taxes levied consisted of 3.000 mills for operating purposes, and 0.4549 mills for public safety. This resulted in \$745,042 for operating and \$112,667 for public safety. These amounts are recognized in the respective General and Special Revenue (Public Safety) Fund financial statements as tax revenue.

The 2007 taxable valuation of the Township totaled \$270 million, on which taxes levied consisted of 3.000 mills for operating purposes, and 0.4549 mills for public safety. This resulted in \$781,899 for operating and \$118,562 for public safety. These amounts are recognized in the respective fund financial statements as deferred revenue.

3. Capital assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

II: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, liabilities, and net assets or equity (Continued)

3. Capital assets

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25 - 50
Furniture and equipment	5 - 15
Vehicles and buses	7
Computer software	3

4. Long-term liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

5. Fund equity

In the fund financial statements, governmental funds report reservations of fund balances 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.

D. Use of estimates

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

III: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Township Board prepares a preliminary operating budget covering the General, Special Revenue, and the Proprietary Funds in accordance with accounting principles generally accepted in the United States of America for presentation at a public hearing.
2. A public hearing is held in conjunction with a regular board meeting.
3. The Township Board adopts the budget on the departmental level at a regular meeting.
4. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances at December 31, 2007, has not been calculated.
5. Presented budgeted amounts are as originally adopted and as amended by the Township Board.

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

III: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Budgetary Information

The Township did not adopt a budget for Capital Improvement Fund (non-major fund).

C. Excess of Expenditures Over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. In the general-purpose financial statements, the Township's actual expenditures and budgetary expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds were adopted to the functional level. During the year ended December 31, 2007 the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated. Expenditures in the General Fund did not exceed any of the budgeted amounts. Expenditures in the Fire Department Fund for capital outlay exceeded the approved budget by \$22,423. Expenditures in the Police Fund for public safety and debt services exceeded the approved budget by \$74,411 and \$12,143, respectively.

D. Fund Deficits

The township experienced excess expenditures over revenues for the year in the Police Department Fund and Building Department Fund which resulted in a deficit fund balance. The Township will make an operating transfer from the General Fund to both funds in the subsequent year to cover the fund deficit.

IV: DETAILED NOTES ON ALL FUNDS

A. Cash and investments

Township policy limits the Treasurer's investing options to financial institutions with branches located in the local area. All accounts are in the name of the Township and a specific fund. They are recorded at cost and interest is recorded when the deposits mature or accrue.

Statutes authorize the Township to invest in obligations of the U.S. Treasury and U.S. agencies or instrumentalities, U.S. government or federal agency obligation repurchase agreements, obligations of the State, Certificates of Deposit, Commercial paper rated prime, Bankers' acceptances, and Mutual funds and Investment pools composed instruments that are legal for direct investment by a local unit of government in Michigan.

As of December 31, 2007 the Township of Raisin had the following amounts deposited:

	Maturity Date	Interest Rate	Amount
<u>General Fund:</u>			
Cash on hand – Petty Cash	N/A	N/A	\$ 464
United Bank and Trust			
General checking	N/A	2.49%	48,331
Moneymaster	N/A	2.52%	108,858
Fire Insurance Escrow	N/A	0.40%	212
Park Sinking Fund	N/A	2.51%	25,569
Capital Improvements Roads – CD	N/A	2.17%	73,882
Cemetery Bond	N/A	2.17%	3,000
			<hr/> 260,316
Investments			
MBIA Class	N/A	4.99%	173,854
			<hr/> \$ 173,854

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

IV: DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments

Fire Department Fund:

United Bank and Trust

Fire Checking	N/A	0%	\$	199
Fire MoneyMaster	N/A	2.51%		52,133
Safety Fund	N/A	2.51%		100,584
			\$	<u>152,916</u>

Police Department Fund:

United Bank and Trust

Checking	N/A	2.52%	\$	<u>9,032</u>
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Proprietary Fund:

United Bank and Trust

Checking	N/A	2.51%	\$	<u>32,741</u>
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Fiduciary Fund:

United Bank and Trust

Winter MoneyMarket	N/A	2.47%	\$	1,063,379
Winter Checking	N/A	2.47%		150,099
Summer MoneyMarket	N/A	2.49%		30,647
Summer Checking	N/A	2.50%		78,634
			\$	<u>1,322,759</u>

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the Township. The township does not have a policy for custodial credit risk. At year end, the following represents the custodial credit risk of the Township:

	Carrying amount	Bank Balance
Insured Amount	\$ 100,000	\$ 100,000
Uninsured - uncollateralized	1,623,482	1,851,719
	<u>\$ 1,723,580</u>	<u>\$ 1,951,719</u>

B. Capital assets

Capital asset activity for the fiscal year ended December 31, 2007 was as follows:

	December 31, 2006	Additions	Disposals	December 31, 2007
<u>Cost</u>				
Land and buildings	\$ 1,512,172	\$ 29,591	\$ -	\$ 1,541,763
Fire / ambulance equipment	1,416,962	1,500	-	1,418,462
Police equipment	162,307	14,374	-	176,681
Voting equipment	12,509	-	-	12,509
Township furniture / fixtures	84,894	5,840	-	90,734
Township equipment	25,505	-	-	25,505
Totals at historical cost	<u>3,214,349</u>	<u>51,305</u>	<u>-</u>	<u>3,265,654</u>
<u>Accumulated depreciation</u>				
Land and buildings	(403,951)	(38,898)	-	(442,849)
Fire / ambulance equipment	(1,132,748)	(48,701)	-	(1,181,449)
Police	(38,996)	(24,206)	-	(63,202)
Voting equipment	(2,502)	(2,502)	-	(5,004)
Township furniture / fixtures	(81,134)	(4,577)	-	(85,711)
Township equipment	(14,300)	(2,802)	-	(17,102)
Total accumulated depreciation	<u>(1,673,631)</u>	<u>(121,686)</u>	<u>-</u>	<u>(1,795,317)</u>
CAPITAL ASSETS - NET	<u>\$ 1,540,718</u>	<u>\$ (70,381)</u>	<u>\$ -</u>	<u>\$ 1,470,337</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated."

CHARTER TOWNSHIP OF RAISIN

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

III: DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-term liabilities

a. Debt service requirements at December 31, 2007 were as follows:

Year Ended December 31,	Governmental Activities		Total
	Principal	Interest	
2008	78,852	24,860	103,712
2009	66,733	20,897	87,630
2010	40,217	17,546	57,763
2011	41,465	15,622	57,087
2012	47,775	13,525	61,300
2013-2017	105,000	47,138	152,138
2018-2022	125,000	20,753	145,753
Thereafter	30,000	675	30,675
TOTAL	\$ 535,042	\$ 161,016	\$ 696,058

b. Changes in long-term liabilities:

	Balance January 1	Additions	Deductions	Balance December 31	Current Portion
<u>Governmental:</u>					
Notes payable – land	\$ 105,000	\$ -	\$ (105,000)	\$ -	\$ -
Lease payable – 2002 Tanker Truck	148,194	-	(21,814)	126,380	22,894
Note payable – 2006 Police cruisers	38,357	-	(11,919)	26,438	12,766
Lease payable – 2006 F-350 pickup	39,672	-	(12,431)	27,241	13,208
Lease payable – 2003 Ford Crown Victoria	-	-	-	-	-
Note payable – 2003 Ambulance	39,218	-	(19,234)	19,984	19,984
Note payable – Capital Bond Fund	345,000	-	(10,000)	335,000	10,000
TOTAL	\$ 715,441	\$ -	\$ (180,398)	\$ 535,043	\$ 78,852

The interest expenditures on long-term obligations for the year were \$28,628.

IV: OTHER INFORMATION

A. Post employment benefits

The Township provides no post employment benefits to retirees.

B. Risk management

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

CHARTER TOWNSHIP OF RAISIN

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Year Ended December 31, 2007

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES:				
Taxes and penalties	\$ 756,216	\$ 756,216	\$ 798,078	\$ 41,862
State revenue sharing	449,962	449,962	433,297	(16,665)
Charges for services	6,500	6,500	9,560	3,060
Interest and rentals	35,575	35,575	53,105	17,530
Other revenue	<u>97,480</u>	<u>97,480</u>	<u>173,564</u>	<u>76,084</u>
Total revenues	1,345,733	1,345,733	1,467,604	121,871
EXPENDITURES:				
Current				
Legislative	191,372	177,307	135,194	(42,113)
General government	303,892	330,101	271,017	(59,084)
Public safety	-	-	-	-
Public works	237,174	225,030	8,244	(216,786)
Culture and recreation	77,238	77,238	57,985	(19,253)
Debt retirement	114,000	114,000	97,622	(16,378)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>923,676</u>	<u>923,676</u>	<u>570,062</u>	<u>(353,614)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>422,057</u>	<u>422,057</u>	<u>897,542</u>	<u>475,485</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(591,344)</u>	<u>(591,344)</u>	<u>(700,700)</u>	<u>(109,356)</u>
Total other financing sources (uses)	<u>(591,344)</u>	<u>(591,344)</u>	<u>(700,700)</u>	<u>(109,356)</u>
Net change in fund balances	<u>\$ (169,287)</u>	<u>\$ (169,287)</u>	196,842	<u>\$ 366,129</u>
FUND BALANCES:				
Fund Balance - January 1, 2007			<u>499,936</u>	
Fund Balance - December 31, 2007			<u>\$ 696,778</u>	

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

CHARTER TOWNSHIP OF RAISIN

BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
Year Ended December 31, 2007

	Fire Department Fund			Variance Over(Under)
	Original Budget	Final Budget	Actual	
REVENUES:				
Taxes and penalties	\$ 146,544	\$ 146,544	\$ 75,019	\$ (71,525)
Charges for services	180,030	180,030	167,489	(12,541)
Interest and rentals	1,500	1,500	3,975	2,475
Other revenue	<u>17,300</u>	<u>17,300</u>	<u>4,700</u>	<u>(12,600)</u>
Total revenues	345,374	345,374	251,183	(94,191)
EXPENDITURES:				
Public safety	639,752	639,752	576,127	(63,625)
Debt service	-	-	-	-
Capital outlay	<u>68,625</u>	<u>68,625</u>	<u>91,048</u>	<u>22,423</u>
Total expenditures	<u>708,377</u>	<u>708,377</u>	<u>667,175</u>	<u>(41,202)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(363,003)</u>	<u>(363,003)</u>	<u>(415,992)</u>	<u>(52,989)</u>
OTHER FINANCING SOURCES (USES):				
Grant proceeds	-	-	-	-
Operating transfers in	363,003	363,003	397,200	34,197
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>363,003</u>	<u>363,003</u>	<u>397,200</u>	<u>34,197</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(18,792)	<u>\$ (18,792)</u>
FUND BALANCES:				
Fund Balance - January 1, 2007			<u>78,476</u>	
Fund Balance - December 31, 2007			<u>\$ 59,684</u>	

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

CHARTER TOWNSHIP OF RAISIN

BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
Year Ended December 31, 2007

	Police Department Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES:				
Taxes and penalties	\$ 54,151	\$ 54,151	\$ 46,714	\$ (7,437)
Charges for services	500	500	376	(124)
Interest and rentals	300	300	647	347
Other revenue	<u>2,820</u>	<u>2,820</u>	<u>3,553</u>	<u>733</u>
Total revenues	57,771	57,771	51,290	(6,481)
EXPENDITURES:				
Public safety	261,647	261,647	336,058	74,411
Debt service	2,500	2,500	14,643	12,143
Capital outlay	<u>21,965</u>	<u>21,965</u>	<u>8,483</u>	<u>(13,482)</u>
Total expenditures	<u>286,112</u>	<u>286,112</u>	<u>359,184</u>	<u>73,072</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(228,341)</u>	<u>(228,341)</u>	<u>(307,894)</u>	<u>(79,553)</u>
OTHER FINANCING SOURCES (USES):				
Grant proceeds	-	-	-	-
Operating transfers in	228,341	228,341	303,500	75,159
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>228,341</u>	<u>228,341</u>	<u>303,500</u>	<u>75,159</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(4,394)	<u>\$ (4,394)</u>
FUND BALANCES:				
Fund Balance - January 1, 2007			<u>(10,642)</u>	
Fund Balance - December 31, 2007			<u>\$ (15,036)</u>	

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



Communication with Those Charged with Governance

July 9, 2008

To the Board of Trustees
Charter Township of Raisin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Raisin for the year ended December 31, 2007, and have issued our report thereon dated July 9, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 5, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 28, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Charter Township of Raisin are described in Note II to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

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

Management's estimate of the deferred revenue – the amount subsequent tax collections that will be reported as revenue during the current year, is based on historic trends. We evaluated the key factors and assumptions used to develop the deferred revenues in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed because the trial balances were not in balance within the Trust and Agency Fund and also the Public Safety Fund. As noted last year, the conversion of accounting software to BS&A caused slight difficulties. We proposed journal entries last year that the clerk was unable to post due to controls related directly to how the software works, unfortunately this error was not corrected before the current audit began. Also, the Treasurer's office was unprepared when we arrived for fieldwork; this caused a delay in confirming loan payables, testing of transactions, and confirmation of additions and disposals of fixed assets.

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. The following material misstatements detected as a result of audit procedures were corrected by management.

- AJE04; AJE05; AJE06; AJE07; AJE08 – Adjustments to accounts payable and due to/due from accounts within all funds.
- AJE11; AJE12 – Adjustments to taxes receivable, due to other governmental units and deferred revenue in the Trust and Agency Fund.
- AJE09; AJE10 – Adjustments to accounts receivable within the Public Safety Fund.
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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 July 9, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, 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.

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

Very truly yours,



Gross, Puckey, Gruel & Roof, P.C.



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

Charter Township of Raisin
Lenawee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Raisin, Lenawee County Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Charter Township of Raisin, Michigan's basic financial statements and have issued our report thereon dated July 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Charter Township of Raisin, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Charter Township of Raisin, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Charter Township of Raisin, Michigan's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Finding 2007-1 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

State law requires the Township to adopt a budget for its General Fund by activity and for each special revenue fund by function. Such budgets represent a legal appropriation to expend funds, and so expenditures may not exceed the budgeted amounts at the legal level of budgetary control.

As discussed in Note III of the Township's financial statements, the Township expended certain amounts in excess of the approved budget.

We recommend that the Board review budget to actual reports and amend the budget throughout the year as the need for additional expenditures becomes evident.

Finding 2007-2 – MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Material journal entries were proposed by the auditors. These misstatements were not detected by the Township's internal control over financial reporting. Statement of Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (when applicable), including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

Material journal entries for the adjustment of accounts payable were proposed by the auditors. These misstatements were not detected by the Township's internal control over financial reporting.

Material journal entries were proposed by the auditors to balance the trial balances in the Trust and Agency Fund and also the Public Safety Fund. At the beginning of our fieldwork it was brought to our attention that the prior year proposed entries had not been entered due to circumstances (restrictions) of the software. The clerk contacted the support unit and with their help adjusted the ending balances in the trial balance for the period ending December 31, 2006 as proposed prior.

Through the identification of material journal entries that were not otherwise identified by management, the auditors are effectively part of the Township's internal controls.

We recommend that the Township take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed and seek additional assistance from outside sources if necessary.

Finding 2007-3 – DEFICIT BALANCE WITHIN FUNDS

The Township has two funds, the Building Fund and the Police Fund which have deficit balances as of December 31, 2007. State law prohibits deficit fund balances. We noted the internal controls were not in place to monitor the funds and prevent the deficit balances.

We recommend that the Township management monitor adopted budgets against actual expenditures and make adjustments as appropriate throughout the year. In addition, the Township needs to transfer funds from the general fund into each fund in deficit in an amount to make the fund out of deficit.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Charter Township of Raisin, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Finding 2007-3 to be a material weakness.

Compliance and Other Matters

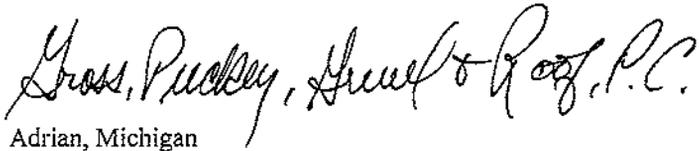
As part of obtaining reasonable assurance about whether Charter Township of Raisin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

As stated in prior audits the Clerk and Deputy Clerk are related, both are signers on accounts and both have access to the accounting system. The Board of Trustees have addressed this issue and have determined the cost of training a new employee would outweigh the benefit of continuing with the current deputy clerk.

Upon review of the minutes of the board meetings, we discovered the township does not retain the budget proposals. We recommend the township retain, as an attachment to the minutes, all budget proposals.

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

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

A handwritten signature in cursive script that reads "Gross, Puckey, Shueff & Roof, P.C.".

Adrian, Michigan
July 9, 2008