

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2007**

**WITH  
INDEPENDENT AUDITORS' REPORT**

### Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <b>Ridgeway Township</b>	County <b>Lenawee</b>
Fiscal Year End <b>March 31, 2007</b>	Opinion Date <b>June 21, 2007</b>	Date Audit Report Submitted to State <b>September 4, 2007</b>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

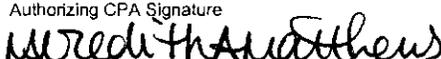
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**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	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) <b>Robertson, Eaton &amp; Owen, P.C.</b>		Telephone Number <b>517 265-6154</b>		
Street Address <b>121 North Main Street</b>		City <b>Adrian</b>	State <b>MI</b>	Zip <b>49221</b>
Authorizing CPA Signature 		Printed Name <b>Meredith A. Matthews</b>		License Number <b>1101029000</b>

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**INDEPENDENT AUDITORS' REPORT**

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**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended March 31, 2007**

As management of Ridgeway Township, Lenawee County, Michigan, we offer readers of Ridgeway Township, Lenawee County, Michigan's financial statements this narrative overview and analysis of the financial activities of Ridgeway Township, Lenawee County, Michigan for the fiscal year ended March 31, 2007. We encourage readers to consider the information presented here.

**Financial Highlights**

- The assets of Ridgeway Township, Lenawee County, Michigan exceeded its liabilities at the close of the most recent fiscal year \$2,290,153 (*net assets*). Of this amount, \$596,980 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased \$118,747. This increase is attributable, in a large part, to less funds spent on roads and bridges.
- As of the close of the current year, Ridgeway Township, Lenawee County, Michigan's governmental fund (General Fund) reported an ending fund balance of \$798,566, an increase of \$158,218 in comparison with the prior year.
- At the end of the current year, unreserved fund balance for the General Fund was \$295,183 or 77 percent of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Ridgeway Township, Lenawee County, Michigan's basic financial statements. Ridgeway Township, Lenawee County, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of Ridgeway Township, Lenawee County, Michigan 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 Ridgeway Township, Lenawee County, Michigan include general government, public safety, roads and bridges, and cemetery operations. The business-type activity of Ridgeway Township, Lenawee County, Michigan includes the sewer system.

The government-wide financial statements can be found on pages 2 – 4 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. Ridgeway Township, Lenawee County, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Ridgeway Township, Lenawee County, Michigan 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Ridgeway Township, Lenawee County, Michigan maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund which is considered to be a major fund.

Ridgeway Township, Lenawee County, Michigan adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 5 – 6 of this report.

*Proprietary Fund.* Ridgeway Township, Lenawee County, Michigan maintains one type of Proprietary Fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Ridgeway Township, Lenawee County, Michigan uses an Enterprise Fund to account for its Sewer Fund.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the Sewer Fund, which is considered to be major fund of Ridgeway Township, Lenawee County, Michigan.

The basic fund financial statements can be found on pages 9 – 11 of this report.

*Fiduciary Fund.* The Fiduciary Fund is used to account for resources held under tax collection activity. The Fiduciary fund is *not* reflected in the government-wide financial statement. The accounting used for the Fiduciary Fund is much like that used for Proprietary Funds.

The basic fiduciary fund financial statements can be found on page 12 – 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 – 22 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 Ridgeway Township, Lenawee County, Michigan, assets exceeded liabilities by \$2,290,153 at the close of the most recent fiscal year.

The largest portion of Ridgeway Township, Lenawee County, Michigan's net assets (56 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. Ridgeway Township, Lenawee County, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Ridgeway Township has no debt related to capital assets.

**Ridgeway Township, Lenawee County, Michigan's Net Assets**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 806,704	\$ 315,004	\$ 1,121,708
Capital assets	<u>1,017,166</u>	<u>172,624</u>	<u>1,189,790</u>
Total assets	<u>\$ 1,823,870</u>	<u>\$ 487,628</u>	<u>\$ 2,311,498</u>
Liabilities	<u>\$ 8,138</u>	<u>\$ 13,207</u>	<u>\$ 21,345</u>
<b>Net assets:</b>			
Invested in capital assets	1,017,166	172,624	1,189,790
Restricted	503,383		503,383
Unrestricted	<u>295,183</u>	<u>301,797</u>	<u>596,980</u>
Total net assets	<u>\$ 1,815,732</u>	<u>\$ 474,421</u>	<u>\$ 2,290,153</u>

A portion of Ridgeway Township, Lenawee County, Michigan's net assets (22 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$596,980) may be used to meet the government's ongoing obligations to citizens and creditors.

**Ridgeway Township, Lenawee County, Michigan's Change in Net Assets**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Program revenues:			
Charges for services	\$ 16,247	\$ 17,447	\$ 33,694
Operating grants and contributions	<u>90,455</u>		<u>90,455</u>
Total program revenues	<u>106,702</u>	<u>17,447</u>	<u>124,149</u>
General revenues:			
Property taxes	298,526		298,526
Intergovernmental – State	63,441		63,441
Unrestricted investment earnings	36,856	10,643	47,499
Miscellaneous	27,900		27,900
Special assessments		4,897	4,897
Tap-in fees		<u>2,000</u>	<u>2,000</u>
Total general revenues	<u>426,723</u>	<u>17,540</u>	<u>444,263</u>
Expenses:			
General government	138,313		138,313
Public safety	192,722		192,722
Roads and bridges	86,890		86,890
Cemetery	4,966		4,966
Sewer		<u>26,774</u>	<u>26,774</u>
Total expenses	422,891	26,774	449,665
Change in net assets	110,534	8,213	118,747
Beginning net assets	<u>1,705,198</u>	<u>466,208</u>	<u>2,171,406</u>
Ending net assets	<u>\$ 1,815,732</u>	<u>\$ 474,421</u>	<u>\$ 2,290,153</u>

At the end of the current fiscal year, Ridgeway Township, Lenawee County, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, Ridgeway Township, Lenawee County, Michigan's governmental fund (General Fund) reported combined ending fund balance of \$798,566, an increase of \$158,218 in comparison with the prior year.

The General Fund is the chief operating fund of Ridgeway Township, Lenawee County, Michigan. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$295,183.

The fund balance of Ridgeway Township, Lenawee County, Michigan's General Fund increased by \$158,218 during the current fiscal year. A key factor in this increase was the unspent portion of the roads and bridges millage.

**Proprietary Fund -** Ridgeway Township, Lenawee County, Michigan's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund at the end of the year amounted to \$301,797.

### **General Fund Budgetary Highlights**

The fire department applied for a federal grant that was not budgeted so FEMA grant revenues are over budget by \$70,455 and the related expense is over budget. Donation revenue is under budget by \$7,000 because in the prior year Macon Township donated additional funds for fire equipment but did not in the current year. Election expense is over budget by \$3,043 due to an election in the current year that did not occur in the prior year and therefore was not budgeted.

### **Capital Asset and Debt Administration**

**Capital assets.** Ridgeway Township, Lenawee County, Michigan's investment in capital assets for its governmental and business-type activities as of March 31, 2007, amounts to \$1,189,790 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility system, equipment and fire vehicles, and furnishings. The total decrease in Ridgeway Township, Lenawee County, Michigan's investment in capital assets for the current fiscal year was \$47,684.

**Ridgeway Township, Lenawee County, Michigan's Capital Assets**

	<b>Governmental <u>Activities</u></b>	<b>Business-type <u>Activities</u></b>	<b><u>Total</u></b>
Land	\$ 27,000	\$	\$ 27,000
Buildings	411,074		411,074
Furnishings	20,000		20,000
Equipment and vehicles	1,049,989		1,049,989
Computers	14,000		14,000
Sewer system	<u>                    </u>	<u>673,086</u>	<u>673,086</u>
Total	<u>\$ 1,522,063</u>	<u>\$ 673,086</u>	<u>\$ 2,195,149</u>

Additional information on Ridgeway Township's capital assets can be found in Note 3. C. on pages 20 and 21.

**Economic Factors and Next Year's Budgets and Rates**

Additional grant funds are expected to be received through the fire department for the unspent portion of the FEMA grant. The board has approved to contribute the Township's portion (26%) of the sewer lagoon system when the time comes. There are no other known factors that will affect the next fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of Ridgeway Township, Lenawee County, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ridgeway Township, 204 West Chicago Boulevard, Britton, Michigan 49229.

June 21, 2007

**INDEPENDENT AUDITORS' REPORT**

Ridgeway Township  
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 Ridgeway Township, Lenawee County, Michigan, as of and for the year ended March 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 Ridgeway Township, Lenawee County, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Ridgeway Township, Lenawee County, Michigan, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i through vi is not a required part of the basic financial statements but is 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 supplementary information. However, we did not audit the information and express no opinion on it.

***Robertson, Eaton & Owen, P.C.***

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS**

March 31, 2007

	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total 2007</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 514,112	\$ 261,425	\$ 775,537
Taxes receivable	27,404		27,404
Accounts receivable		2,226	2,226
Special assessments receivable		13,207	13,207
Due from tax collection	296,782	6,552	303,334
Internal balances	(31,594)	31,594	
<b>Capital assets:</b>			
Land	27,000		27,000
Buildings	411,074		411,074
Furnishings	20,000		20,000
Equipment	1,049,989		1,049,989
Computers	14,000		14,000
Sewer system		673,086	673,086
Less: Accumulated depreciation	<u>(504,897)</u>	<u>(500,462)</u>	<u>(1,005,359)</u>
Total assets	<u>\$ 1,823,870</u>	<u>\$ 487,628</u>	<u>\$ 2,311,498</u>
<b>Liabilities:</b>			
Accounts payable	8,138		8,138
Deferred revenue – special assessment		<u>13,207</u>	<u>13,207</u>
Total liabilities	<u>8,138</u>	<u>13,207</u>	<u>21,345</u>
<b>Net Assets:</b>			
Investment in capital assets, net of related debt	1,017,166	172,624	1,189,790
<b>Restricted for:</b>			
Roads and bridges	345,402		345,402
Street lighting	3,078		3,078
Fire operations	154,903		154,903
Unrestricted	<u>295,183</u>	<u>301,797</u>	<u>596,980</u>
Total net assets	<u>\$ 1,815,732</u>	<u>\$ 474,421</u>	<u>\$ 2,290,153</u>

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**STATEMENT OF ACTIVITIES**

**For the Year Ended March 31, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary Government:</b>			
<b>Governmental activities:</b>			
General government	\$ 138,313	\$ 13,288	
Public safety	192,722	2,959	90,455
Roads and bridges	86,890		
Cemetery	<u>4,966</u>	<u>          </u>	<u>          </u>
Total governmental activities	<u>422,891</u>	<u>16,247</u>	<u>90,455</u>
<b>Business-Type activities:</b>			
Sewer	<u>26,774</u>	<u>17,447</u>	<u>          </u>
Total business-type activities	<u>26,774</u>	<u>17,447</u>	<u>-</u>
Total primary government	<u>\$ 449,665</u>	<u>\$ 33,694</u>	<u>\$ 90,455</u>

**General Revenues:**

Property taxes  
Intergovernmental – State  
Unrestricted investment earnings  
Miscellaneous  
Special assessments  
Tap-in fees

    Total general revenues

    Change in net assets

Net assets – beginning of year

Net assets -- end of year

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

**Net (Expense) Revenue and Changes in Net Assets**  
**Primary Government**

<b><u>Governmental</u></b> <b><u>Activities</u></b>	<b><u>Business-Type</u></b> <b><u>Activities</u></b>	<b><u>Total</u></b> <b><u>2007</u></b>
\$ (125,025)	\$	\$ (125,025)
(99,308)		(99,308)
(86,890)		(86,890)
<u>(4,966)</u>	<u>                    </u>	<u>(4,966)</u>
<u>(316,189)</u>	<u>                    </u>	<u>(316,189)</u>
<u>                    </u>	<u>(9,327)</u>	<u>(9,327)</u>
<u>                    </u>	<u>(9,327)</u>	<u>(9,327)</u>
<u>\$ (316,189)</u>	<u>\$ (9,327)</u>	<u>\$ (325,516)</u>
\$ 298,526	\$	\$ 298,526
63,441		63,441
36,856	10,643	47,499
27,900		27,900
<u>                    </u>	<u>4,897</u>	<u>4,897</u>
<u>                    </u>	<u>2,000</u>	<u>2,000</u>
<u>426,723</u>	<u>17,540</u>	<u>444,263</u>
<u>110,534</u>	<u>8,213</u>	<u>118,747</u>
<u>1705,198</u>	<u>466,208</u>	<u>2,171,406</u>
<u>\$ 1,815,732</u>	<u>\$ 474,421</u>	<u>\$ 2,290,153</u>

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**BALANCE SHEET**

**GOVERNMENTAL FUND**

**March 31, 2007**

	<b>Total General Fund <u>2007</u></b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 514,112
Accounts receivable	27,404
Due from other funds	<u>298,448</u>
 Total assets	 <u>\$ 839,964</u>
 <b>Liabilities:</b>	
Accounts payable	8,138
Due to other funds	<u>33,260</u>
 Total liabilities	 <u>41,398</u>
 <b>Fund Balance:</b>	
Roads and bridges	345,402
Street lighting	3,078
Fire operations	154,903
Unreserved	<u>295,183</u>
 Total fund balance	 <u>798,566</u>
 Total liabilities and fund balance	 <u>\$ 839,964</u>
 <b>Amounts reported for governmental activities in the Statement of Net Assets are different because:</b>	
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	   <u>\$ 1,017,166</u>
 Net differences	   1,017,166
 Total fund balance in governmental fund	   <u>798,566</u>
 Total net assets of governmental activities	   <u>\$ 1,815,732</u>

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUND**

	<b>Total General Fund <u>2007</u></b>
<b>Revenues:</b>	
Property taxes	\$ 298,526
Licenses, permits and fees	14,347
Intergovernmental revenues	63,441
Donations	20,000
Interest	36,856
FEMA grant	70,455
Miscellaneous revenues	<u>29,800</u>
Total revenues	<u>533,425</u>
<b>Expenditures:</b>	
<b>Current:</b>	
General government	127,187
Public safety	157,482
Roads and bridges	86,890
Other	<u>3,648</u>
Total expenditures	<u>375,207</u>
Net change in fund balance	158,218
Fund balance – beginning of year	<u>640,348</u>
Fund balance – end of year	<u>\$ 798,566</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balance – total governmental fund	\$ 158,218
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Total capital outlay \$ 0 less total depreciation \$47,684).	
	<u>(47,684)</u>
Change in net assets in governmental activities	<u>\$ 110,534</u>

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

For the Year Ended March 31, 2007

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Property taxes – general	\$ 43,203	\$ 43,203	\$ 44,985	\$ 1,782
Property taxes – fire operations	74,180	74,180	77,246	3,066
Property taxes – roads and bridges	166,722	166,722	173,615	6,893
Property taxes – street lights	<u>2,680</u>	<u>2,680</u>	<u>2,680</u>	<u>          </u>
Total property taxes	<u>286,785</u>	<u>286,785</u>	<u>298,526</u>	<u>11,741</u>
<b>Licenses, permits and fees:</b>				
Tax collection fees	11,042	11,042	11,388	346
Permits	<u>3,745</u>	<u>3,745</u>	<u>2,959</u>	<u>(786)</u>
Total licenses, permits and fees	<u>14,787</u>	<u>14,787</u>	<u>14,347</u>	<u>(440)</u>
<b>Intergovernmental revenues:</b>				
State sales tax	61,457	61,457	60,869	(588)
Metro Act	<u>2,376</u>	<u>2,376</u>	<u>2,572</u>	<u>196</u>
Total intergovernmental revenues	<u>63,833</u>	<u>63,833</u>	<u>63,441</u>	<u>(392)</u>
Donations	<u>27,000</u>	<u>27,000</u>	<u>20,000</u>	<u>(7,000)</u>
Interest	<u>1,248</u>	<u>1,248</u>	<u>36,856</u>	<u>35,608</u>
FEMA grant	<u>          </u>	<u>          </u>	<u>70,455</u>	<u>70,455</u>
<b>Miscellaneous revenues:</b>				
Township hall rent	1,600	1,600	1,900	300
Miscellaneous	<u>10,518</u>	<u>10,518</u>	<u>27,900</u>	<u>17,382</u>
Total miscellaneous revenues	<u>12,118</u>	<u>12,118</u>	<u>29,800</u>	<u>17,682</u>
Total revenues	<u>405,771</u>	<u>405,771</u>	<u>533,425</u>	<u>127,654</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Township Board	72,000	72,000	64,444	7,556
Supervisor	24,000	24,000	19,871	4,129
Clerk	11,700	11,700	11,414	286
Treasurer	11,100	11,100	10,582	518
Township hall and grounds	35,500	35,500	14,433	21,067
Election	2,500	2,500	5,543	(3,043)
Aid to others	<u>3,000</u>	<u>3,000</u>	<u>900</u>	<u>2,100</u>
Total general government	<u>159,800</u>	<u>159,800</u>	<u>127,187</u>	<u>32,613</u>

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Year Ended March 31, 2007**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Total expenditures carried forward	\$ 159,800	\$ 159,800	\$ 127,187	\$ 32,613
<b>Public safety:</b>				
Fire protection	61,725	61,725	150,216	(88,491)
Building inspector	6,000	6,000	4,582	1,418
Street lighting	<u>2,860</u>	<u>2,860</u>	<u>2,684</u>	<u>176</u>
Total public safety	<u>70,585</u>	<u>70,585</u>	<u>157,482</u>	<u>(86,897)</u>
<b>Roads and bridges:</b>				
Roads and bridges	<u>320,107</u>	<u>320,107</u>	<u>86,890</u>	<u>233,217</u>
Total roads and bridges	<u>320,107</u>	<u>320,107</u>	<u>86,890</u>	<u>233,217</u>
<b>Other:</b>				
Cemetery	<u>3,500</u>	<u>3,500</u>	<u>3,648</u>	<u>(148)</u>
Total other	<u>3,500</u>	<u>3,500</u>	<u>3,648</u>	<u>(148)</u>
Total expenditures	<u>553,992</u>	<u>553,992</u>	<u>375,207</u>	<u>178,785</u>
Net change in fund balance	(148,221)	(148,221)	158,218	306,439
Fund balance – beginning of year			<u>640,348</u>	
Fund balance – end of year			<u>\$ 798,566</u>	

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUND**

**March 31, 2007**

	<b>Business-Type Activities – Enterprise Fund</b>
	<b>Sewer Fund <u>2007</u></b>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 261,425
<b>Receivables:</b>	
Sewer usage	2,226
Special assessment	13,207
Due from other funds	<u>39,812</u>
Total current assets	<u>316,670</u>
<b>Capital assets:</b>	
Sewer system	673,086
Less: Accumulated depreciation	<u>(500,462)</u>
Total capital assets – net	<u>172,624</u>
Total noncurrent assets	<u>172,624</u>
Total assets	<u>\$ 489,294</u>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Due to other funds	\$ <u>1,666</u>
Total current liabilities	<u>1,666</u>
<b>Noncurrent liabilities:</b>	
Deferred revenue	<u>13,207</u>
Total noncurrent liabilities	<u>13,207</u>
Total liabilities	<u>14,873</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	172,624
Unrestricted	<u>301,797</u>
Total net assets	<u>\$ 474,421</u>

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUND**

**For the Years Ended March 31, 2007**

	<b>Business-Type Activities – Enterprise Fund</b>
	<b>Sewer Fund <u>2007</u></b>
<b>Operating revenues:</b>	
Sewer usage fee	\$ 14,691
Other – permit income	<u>2,756</u>
Total operating revenues	<u>17,447</u>
<b>Operating expenses:</b>	
Operating and maintenance	7,169
Office supplies	229
Utilities	145
Depreciation	<u>19,231</u>
Total operating expenses	<u>26,774</u>
Operating loss	<u>(9,327)</u>
<b>Nonoperating revenues:</b>	
Special assessments	4,897
Sewer tap-in	2,000
Interest income	<u>10,643</u>
Total nonoperating revenues	<u>17,540</u>
Change in net assets	8,213
Total net assets – beginning of year	<u>466,208</u>
Total net assets – end of year	<u>\$ 474,421</u>

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

**For the Years Ended March 31, 2007**

**INCREASE IN CASH AND CASH EQUIVALENTS**

	<b>Business-Type Activities – Enterprise Fund</b>
	<b>Sewer Fund <u>2007</u></b>
<b>Cash flows from operating activities:</b>	
Cash receipts from customers	\$ 17,697
Other cash receipts	2,756
Cash payments to suppliers of goods and services	<u>(6,009)</u>
Net cash provided by operating activities	<u>14,444</u>
<b>Cash flows from noncapital financing activities:</b>	
Special assessment	5,263
Sewer tap-in fees	<u>2,000</u>
Net cash provided by noncapital financing activities	<u>7,263</u>
<b>Cash flows from investing activities:</b>	
Interest	<u>10,643</u>
Net increase in cash and cash equivalents	32,350
Cash and cash equivalents – beginning of year	<u>229,075</u>
Cash and cash equivalents – end of year	<u>\$ 261,425</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ <u>(9,327)</u>
<b>Adjustments to reconcile loss from operations to net cash provided by operating activities:</b>	
Depreciation expense	19,231
<b>Changes in assets and liabilities:</b>	
(Increase) decrease in receivables	3,006
Increase (decrease) in due to other funds	<u>1,534</u>
Total adjustments	<u>23,771</u>
Net cash provided by operating activities	<u>\$ 14,444</u>

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUND**

**March 31, 2007**

	<u><b>AGENCY FUND</b></u>
	<u><b>Tax Collection Fund</b></u>
	<u><b>2007</b></u>
<b>Assets:</b>	
Cash	\$ <u>449,505</u>
Total assets	\$ <u>449,505</u>
<b>Liabilities:</b>	
Due to other funds	\$ 303,334
Due to other governmental units	<u>146,171</u>
Total liabilities	\$ <u>449,505</u>

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**TAX COLLECTION FUND**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**For the Year Ended March 31, 2007**

<b>Assets:</b>	<b><u>Balance</u> <u>April 1, 2006</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u> <u>March 31, 2007</u></b>
Cash	\$ 317,213	\$ 1,045,053	\$ 912,761	\$ 449,505
Total assets	<u>\$ 317,213</u>	<u>\$ 1,045,053</u>	<u>\$ 912,761</u>	<u>\$ 449,505</u>
<b>Liabilities:</b>				
Due to other funds	\$ 305,552	\$ 326,339	\$ 328,557	\$ 303,334
Due to other governmental units	<u>11,661</u>	<u>718,714</u>	<u>584,204</u>	<u>146,171</u>
Total liabilities	<u>\$ 317,213</u>	<u>\$ 1,045,053</u>	<u>\$ 912,761</u>	<u>\$ 449,505</u>

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

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2007**

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

The financial statements of Ridgeway Township, Lenawee County, Michigan (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

Effective April 1, 2004, Ridgeway Township, Lenawee County, Michigan implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the statement include the following:

- ◆ A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operations has been included with the financial statements.
- ◆ Financial statements prepared using full accrual accounting for all of the Township’s activities.
- ◆ A change in the fund financial statements to focus on the major fund.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). Ridgeway Township has elected to implement the general provisions of the statement.

**A. Reporting Entity**

The Township of Ridgeway is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Ridgeway Township as a primary government. There are no component units to the Township.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business-type. All of the Township’s activities are classified as governmental activities. Amounts reported in the funds as interfund receivables and payables are eliminated in the governmental activities column of the statement of net assets. Amounts reported in the funds as receivable from or payable to fiduciary funds are included in the statement of net assets as receivable from or payable to external parties, rather than as internal balances. Therefore, all internal balances are eliminated in the total primary government column.

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2007**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Separate financial statements are provided for the governmental fund, proprietary fund and fiduciary fund, even though the latter are excluded from the government-wide financial statements. The major individual governmental fund (General Fund) is reported as a separate column in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**The government reports the following major governmental fund:**

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**The government reports the following major proprietary fund:**

The *Sewer Fund* accounts for the acquisition, operation, and maintenance of the Township's sewer system.

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2007**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Additionally, the government reports the following fiduciary fund types:**

The *Tax Collection Fund* is used to account for assets held by the Township as an agent for other governments, and/or other funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

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 activity (Sewer Fund), 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 of utility charges between the Township's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* included 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.

The Proprietary Fund distinguishes *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 Sewer Fund relate to charges to customers for sales and services. Operating expenses for this fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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.

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2007**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, liabilities, and net assets or equity.**

**1. Cash and investments**

Cash includes amounts in bank accounts, cash on hand and demand deposits.

The Township had no investment classification at year-end.

**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 noncurrent 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Township had no advances between funds at March 31, 2007.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

The Township property tax is levied on each December 1 on the taxable value of property located in the Township as of the preceding December 31.

The Township's 2006 ad valorem tax was levied and collectible on December 1, 2006. It is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are made available for the financing of Township operations. Payment from the County Delinquent Tax Fund, which purchases the 2006 delinquent real property taxes, is recorded as a receivable and recognized as revenue in the current fiscal year.

The 2006 taxable value of Ridgeway Township totaled \$52,706,286. The Township levied .8535 mills (Tax, \$44,985) for general operating; levied 3.294 mills for roads and bridges (Tax, \$173,615); and levied 1.4656 mills for fire operating (Tax, \$77,246).

**3. Reserved fund balances**

Due to the restricted uses of property taxes collected for fire operating, roads and bridges, and an assessment for street lighting, the fund balance of the General Fund is reserved for the unexpended portions of property taxes in these areas.

**RIDGEWAY TOWNSHIP**  
**LENAWEE COUNTY, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2007**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Equipment and vehicles	10 – 30
Furnishings	30
Sewer system	35

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

**A. Budgetary information**

The accounting basis used by the Township for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Township follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Township have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

**B. Excess of expenditures over appropriations in budgetary funds**

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2007**

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

During the year ended March 31, 2007, the Township incurred expenditures in the General Fund which were in excess of the amounts appropriated, as follows:

<u>General Fund</u>	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General government:</b>			
Election	\$ 2,500	\$ 5,543	\$ (3,043)
<b>Public safety:</b>			
Fire protection	61,725	150,216	(88,491)
<b>Other:</b>			
Cemetery	3,500	3,648	(148)

These additional expenditures were funded by greater than anticipated revenues in the General Fund.

**NOTE 3. DEPOSITS AND INVESTMENTS**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2007, \$1,128,849 of the Township's bank balance of \$1,228,849 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 1,128,849

All deposits are with banks located in Michigan as required by statutes.

**NOTE 4. RECEIVABLES**

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Sewer</u>	<u>Total</u>
<b>Receivables:</b>			
Taxes	\$ 27,404	\$	\$ 27,404
Accounts		2,226	2,226
Special assessments	_____	<u>13,207</u>	<u>13,207</u>
Gross receivables	27,404	15,433	42,837
Less: Allowance for uncollectibles	_____	_____	_____
Net total receivables	<u>\$ 27,404</u>	<u>\$ 15,433</u>	<u>\$ 42,837</u>

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2007

**NOTE 5. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 27,000	\$ _____	\$ _____	\$ 27,000
Capital assets, being depreciated:				
Buildings	411,074			411,074
Furnishings	20,000			20,000
Equipment and vehicles	1,049,989			1,049,989
Computers	<u>14,000</u>	_____	_____	<u>14,000</u>
Total capital assets, being depreciated	<u>1,495,063</u>	<u>-</u>	<u>-</u>	<u>1,495,063</u>
Less: Accumulated depreciation for:				
Buildings	115,790	8,947		124,737
Furnishings	6,334	666		7,000
Equipment and vehicles	325,289	36,671		361,960
Computers	<u>9,800</u>	<u>1,400</u>	_____	<u>11,200</u>
Total accumulated depreciation	<u>457,213</u>	<u>47,684</u>	<u>-</u>	<u>504,897</u>
Total capital assets, being depreciated, net	<u>1,037,850</u>	<u>(47,684)</u>	<u>-</u>	<u>990,166</u>
Governmental activities, capital assets - net	<u>\$ 1,064,850</u>	<u>\$ (47,684)</u>	<u>\$ -</u>	<u>\$ 1,017,166</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Sewer system	\$ 673,086	\$ _____	\$ _____	\$ 673,086
Less: Accumulated depreciation	<u>481,231</u>	<u>19,231</u>	<u>-</u>	<u>500,462</u>
Business-type activities, capital assets - net	<u>\$ 191,855</u>	<u>\$ (19,231)</u>	<u>\$ -</u>	<u>\$ 172,624</u>

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2007**

**NOTE 5. CAPITAL ASSETS (Continued)**

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

<b>Governmental activities:</b>	
General government	\$ 11,126
Public safety	35,240
Cemetery	<u>1,318</u>
Total depreciation expense – governmental activities	<u>\$ 47,684</u>
<b>Business-type activities:</b>	
Sewer system	<u>\$ 19,231</u>
Total depreciation expense – business-type activities	<u>\$ 19,231</u>

**NOTE 6. INTERFUND BALANCES**

Interfund balances at March 31, 2007 were as follows:

<u>Due to</u>	<u>Due from</u>			<u>Total</u>
	<u>General</u>	<u>Sewer</u>	<u>Tax Collection</u>	
General	\$	\$ 1,666	\$ 296,782	\$ 298,448
Sewer	<u>33,260</u>	<u>          </u>	<u>6,552</u>	<u>39,812</u>
	<u>\$ 33,260</u>	<u>\$ 1,666</u>	<u>\$ 303,334</u>	<u>\$ 338,260</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All balances at March 31, 2007 are expected to be repaid within the next fiscal year.

**RIDGEWAY TOWNSHIP  
LENAWEE COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2007**

**NOTE 7. ACTIVITY IN RESERVED FUNDS**

The following summary is provided for Roads and Bridges Funds; Fire Funds; Street Lighting Funds:

	<u>Roads and bridges</u>	<u>Fire operations</u>	<u>Street lighting</u>	<u>Total</u>
<b>Revenues:</b>				
Property taxes	\$ 173,615	\$ 77,246	\$ 2,680	\$ 253,541
Donations		20,000		20,000
FEMA grant	<u>                    </u>	<u>70,455</u>	<u>                    </u>	<u>70,455</u>
Total revenues	<u>173,615</u>	<u>167,701</u>	<u>2,680</u>	<u>343,996</u>
<b>Expenditures:</b>				
<b>Fire Protection:</b>				
Salaries		19,522		19,522
Supplies		122,044		122,044
Telephone		1,531		1,531
Utilities		256		256
Repairs and maintenance		1,008		1,008
Miscellaneous		5,855		5,855
Roads and bridges	86,890			86,890
Street lighting	<u>                    </u>	<u>                    </u>	<u>2,684</u>	<u>2,684</u>
Total expenditures	<u>86,890</u>	<u>150,216</u>	<u>2,684</u>	<u>239,790</u>
Excess (deficiency) of revenues over (under) expenditures	86,725	17,485	(4)	104,206
Reserved fund balance - beginning of year	<u>258,677</u>	<u>137,417</u>	<u>3,082</u>	<u>399,176</u>
Reserved fund balance - end of year	<u>\$ 345,402</u>	<u>\$ 154,902</u>	<u>\$ 3,078</u>	<u>\$ 503,382</u>

**NOTE 8. 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 is a member of the Michigan Township Participating Plan ("Plan") to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses and to defend and protect against liability or loss. The Plan provides protection to the Township based on its selected risks, limits and deductibles. Any settled claims have not exceeded the limits of coverage in any of the past three years.

June 21, 2007

To the Board of Trustees  
Ridgeway Township  
Lenawee County, Michigan

We have audited the basic financial statements of Ridgeway Township as of and for the year ended March 31, 2007, and have issued our report thereon dated June 21, 2007.

In planning and performing our audit of the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ridgeway Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Ridgeway Township's internal control over financial reporting (internal control) 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 Ridgeway Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of Ridgeway Township's internal control.

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

A material weakness is a significant deficiency, or a 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 entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

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June 21, 2007

To the Board of Trustees  
Ridgeway Township  
Lenawee County, Michigan

Segregation of duties is a desired control that all townships should have to maximize the effectiveness of their internal control over receiving, disbursing, recording and reporting financial transactions. However, we also know that this requires additional funds to support, and given the size of the township, it is not feasible nor reasonable that you hire additional staff to get the desired controls. We recommend that the board review the current policies and determine if there is a way to achieve the desired controls without adding additional costs. We would be available to help with this if desired.

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

***Robertson, Eaton & Owen, P.C.***