Township of Greenwood

St. Clair County, Michigan

Audited Financial Report
March 31, 2005

Lehn L. King
Certified Public Accountant
Marlette, Michigan

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☑ Township ☐ Village ☐ Other	**Township of Greenwood**	**St. Clair County**

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
8/9/05	**8/9/05**	**10/19/05**

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☑ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☑ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ Yes ☑ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☑ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ Yes ☑ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☑ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☑ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☑ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☑ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)			
Lehn L. King, CPA			
Street Address	City	State	ZIP
3531 Main Street	**Marlette**	**MI**	**48453**
Accountant Signature		Date	
		10/19/05	

Township of Greenwood

Annual Financial Report
For The Fiscal Year Ended March 31, 2005

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LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
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Members of the Township Board
Greenwood Township
St. Clair County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Greenwood, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Greenwood, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Greenwood, Michigan as of March 31, 2005, 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, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Greenwood, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.

Lehn King

Lehn L. King
Certified Public Accountant

August 9, 2005

Township of Greenwood

Avoca, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Greenwood's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The Township is in a good financial position with a General Fund Balance of $631,128.

However, the Township budget for the upcoming year could experience expenditures exceeding the revenues, thus, using up some of the current fund balance. The State anticipates cutting State Shared Revenues; and costs for Fire Protection, Road Maintenance, Insurance and other Township activities are rising. So, even though the Township is in stable financial position, good financial planning is necessary for the future years.

Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

The Township as a Whole

The Township of Greenwood's fund balances are as follows:

	March 31, 2005	March 31, 2004
General Fund	$ 631,128	$ 594,408
Bulding Inspection Fund	12,035	7,648
Total for Township	$ 643,163	$ 602,056

Township of Greenwood
Avoca, Michigan

Governmental Activities

The Township of Greenwood's Revenues and Expenditures can be summarized as follows:

	General Fund	Building Inspection Fund	Total Governmental Activities
Fund Balance - Beginning of Year	$ 594,408	$ 7,648	$ 602,056
Revenue Collected			
Property Taxes	349,619	-	349,619
Intergovernmental Revenue	95,542	-	95,542
Permits & Fees	16,083	26,534	42,617
Loan Proceeds	203,409	-	203,409
Other	11,149	-	11,149
Total Revenue Collected	675,802	26,534	702,336
Expenditures			
General Government	141,062	-	141,062
Public Safety	77,163	22,147	99,310
Public Works	163,735		163,735
Recreation & Culture	4,006	-	4,006
Other Functions	24,401	-	24,401
Capital Outlay	228,715	-	228,715
Total Expenditures	639,082	22,147	661,229
Fund Balance - End of Year	$ 631,128	$ 12,035	$ 643,163

Township of Greenwood
Avoca, Michigan

Economic Factors and Next Year's Budget and Rates

The Township of Greenwood's 2005/2006 adopted budget is as follows:

	General Fund March 31, 2006	General Fund March 31, 2005	Building Inspection Fund March 31, 2006	Building Inspection Fund March 31, 2005
Budgeted Balance Forward	621,633	592,949		
Revenue				
Property Taxes	360,000	345,000	-	-
Intergovernmental Revenue	90,000	80,000	-	-
Charges for Services	5,000	6,015	20,000	20,000
Sale of Capital Assets	-	-		-
Other	10,815	11,100	-	-
Total Funds Available	1,087,448	1,035,064	20,000	20,000
Expenditures				
General Government	389,968	414,303	-	-
Public Safety - Fire	86,000	84,000	-	-
Public Safety - Building Department	-	-	25,500	24,500
Public Safety - Other	21,700	22,200	-	-
Public Works - Roads & Drains	323,039	211,029	-	-
Public Works - Other	48,000	48,000	-	
Parks & Recreation	12,000	12,000	-	
Other Functions	38,500	27,000	-	-
Capital Outlay	-	-	-	-
Transfers	-	-	-	
Total Expenditures	919,207	818,532	25,500	24,500
Net Over/Under Budget	$ 168,241	$ 216,532	$ (5,500)	$ (4,500)

The Township of Greenwood's General Fund budget for next year is approximately the same budget as a year ago.

Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 9025 Yale Road, Avoca, Michigan or by telephone at (810) 387-4044.

Terry A. Gill
Township of Greenwood Supervisor

Township of Greenwood

Statement of Net Assets (Deficit)

March 31, 2005

	Primary Government Governmental Activities
Assets	
Cash & Cash Equivalents	$ 634,032.80
Accounts Receivable	11,437.90
Due From Other Funds	1,670.48
Capital Assets	
Nondepreciable Capital Assets	117,657.00
Net Depreciable Capital Assets	807,808.00
Total Assets	1,572,606.18
Liabilities	
Accounts Payable	$ 3,977.20
Current Portion of Long-Term Debt	70,161.00
Long-Term Debt	133,248.00
Total Liabilities	207,386.20
Net Assets (Deficit)	
Invested in Capital Assets - Net of Related Debt	722,056.00
Unrestricted	643,163.98
Total Net Assets (Deficit)	$ 1,365,219.98

The notes are an integral part of the statements.

Township of Greenwood

Statement of Activities

For the Year Ended March 31, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue & Changes in Net Assets: Primary Government: Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	$ 171,943.06	$ -	$ -	$ -	$ (171,943.06)
Public Safety	118,577.49	42,617.13	-	-	(75,960.36)
Public Works	163,734.65	-	-	-	(163,734.65)
Recreation & Culture	4,972.75	-	-	-	(4,972.75)
Total Governmental Activities	459,227.95	42,617.13	-	-	(416,610.82)
General Revenues:					
Property Taxes					$ 349,618.56
Intergovernmental Revenues					95,541.65
Interest					7,761.72
Other Revenues					3,387.43
Transfers					-
Total General Revenues, Special Items & Transfers					456,309.36
Change in Net Assets					39,698.54
Net Assets (Deficit) - Beginning of Year					1,325,521.44
Net Assets (Deficit) - End of Year					$ 1,365,219.98

The notes are an integral part of the statements.

Township of Greenwood

Balance Sheet
Governmental Funds
March 31, 2005

Assets	General Fund	Building Inspection Fund	Total Governmental Funds
Cash & Cash Equivalents	$ 621,997.41	$ 12,035.39	$ 634,032.80
Property Taxes Receivable	11,437.90	-	11,437.90
Due From Other Funds	1,670.48	-	1,670.48
Total Assets	$ 635,105.79	$ 12,035.39	$ 647,141.18
Liabilities & Fund Equity			
Liabilities			
Accounts Payable	$ 3,977.20	$ -	$ 3,977.20
Due To Other Governmental Units	-	-	-
Total Liabilities	3,977.20	-	3,977.20
Fund Equity			
Fund Balances:			
Unreserved - Undesignated	631,128.59	12,035.39	643,163.98
Total Fund Equity	631,128.59	12,035.39	643,163.98
Total Liabilities & Fund Equity	$ 635,105.79	$ 12,035.39	$ 647,141.18

The notes are an integral part of the statements.

Township of Greenwood

Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended March 31, 2005

Total Fund Balances for Governmental Funds & Equipment Fund	$ 643,163.98
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:	
Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	925,465.00
Long-term bonds payable are not due and payable in the current period and are not reported in the Funds	(203,409.00)
Accrued Interest Payable is not reported in the Funds	-
Net Assets of Governmental Activities	$ 1,365,219.98

The notes are an integral part of the statements.

Township of Greenwood

Statement of Revenues, Expenditures
And Changes in Fund Balances
Governmental Funds
For The Year Ended March 31, 2005

	General Fund	Building Inspection Fund	Total Governmental Funds
Revenues			
Property Taxes	$ 349,618.56	$ -	$ 349,618.56
Intergovernmental Revenues	95,541.65	-	95,541.65
Licenses, Permits, & Fees	16,083.13	26,534.00	42,617.13
Interest Earnings	7,761.72	-	7,761.72
Loan Proceeds	203,409.00	-	203,409.00
Hall Rent	3,150.00	-	3,150.00
Other Revenues	237.43	-	237.43
Total Revenues	675,801.49	26,534.00	702,335.49
Expenditures			
General Government	141,061.50	-	141,061.50
Public Safety	77,162.88	22,146.61	99,309.49
Public Works	163,734.65	-	163,734.65
Recreation & Culture	4,005.75	-	4,005.75
Other Functions	24,401.56	-	24,401.56
Capital Outlay	228,715.00	-	228,715.00
Total Expenditures	639,081.34	22,146.61	661,227.95
Excess of Revenues Over (Under) Expenditures	36,720.15	4,387.39	41,107.54
Other Financing Sources (Uses)			
Transfers In (Out)	-	-	-
Net Change in Fund Balances	36,720.15	4,387.39	41,107.54
Fund Balances - Beginning of Year	594,408.44	7,648.00	602,056.44
Fund Balances - End of Year	$ 631,128.59	$ 12,035.39	$ 643,163.98

The notes are an integral part of the statements.

Township of Greenwood

Governmental Funds
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds & Equipment Fund	$	41,107.54
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 capitalized and allocated over their estimated useful lives as Depreciation		228,715.00
Loan Proceeds are recognized as revenue in the Governmental Funds, but not in the Statement of Activities		(203,409.00)
Depreciation is an Expenditures for the Statement of Activities, but is not reported in the Governmental Funds		(26,715.00)
Net Assets of Governmental Activities	$	39,698.54

The notes are an integral part of the statements.

Township of Greenwood

Statement of Net Assets (Deficit)
Fiduciary Funds
March 31, 2005

	Fiduciary Fund Type	
	Current Tax Collection Fund	Totals March 31, 2005
Assets		
Cash - Savings & Certificates	$ 1,670.48	$ 1,670.48
Total Assets	$ 1,670.48	$ 1,670.48
Liabilities & Fund Balance		
Liabilities		
Due To General Fund	$ 1,670.48	$ 1,670.48
Total Liabilities	1,670.48	1,670.48
Fund Balances		
Unreserved & Undesignated	-	-
Total Fund Balances	-	-
Total Liabilities & Fund Balances	$ 1,670.48	$ 1,670.48

The notes are an integral part of the statements.

The accounting methods and procedures adopted by the Township of Greenwood, St. Clair County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township of Greenwood was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Greenwood (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

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

Building Inspection Fund – The fund is setup for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

Additionally, the Township reports the following fund types:

Trust & Agency Funds - The Trust & Agency Fund accounts for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, or other governments.

1. Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting

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

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & Other Compensated Absences - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Inventories and Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. 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.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	10 to 50 years
Machinery & Equipment	3 to 25 years

1. Summary of Significant Accounting Policies - Continued

Long-Term Obligations - In the Government-wide 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 statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding 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 and deferred amount on refunding. 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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

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

Accounting Changes

GASB Statement No. 34 – Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township. In addition, the governmental activities column includes bonds and other long-term obligations, previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather that fund types.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Prior to April 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to April 1, the budget is legally enacted.

4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.

5. Budget amounts are as originally adopted, and as amended by the Township Board.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budget was adopted to the department level. Budgets for these funds are shown in the supplemental schedules to this statement.

During the year ended March 31, 2005, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
None			

3. Cash and Investments

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

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary - Trust & Agency Funds	Total Primary Government
Cash & Cash Equivalents	$ 634,033	$ 1,670	$ 635,703

The Township's deposits are in accordance with statutory authority. As of March 31, 2005, the balance sheet carrying amount of cash deposits was $635,703. The bank balance as of March 31, 2005, was $635,703, of which $200,000, was covered by FDIC insurance.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits at all times. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

Investment Type	(1)	(2)	(3)	Carrying Amount	Market Value
Investments Total	NONE	NONE	NONE		

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services	0.9937	mills
Fire / Roads	1.9874	mills

5. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	Due From Other Funds		Due To Other Funds
General Fund	$ 1,670	Trust & Agency Fund	$ 1,670
Total	$ 1,670		$ 1,670

Interfund Transfers reported in the Fund Statements are as follows:

NONE

6. Capital Assets

Capital assets activity of the Township's governmental activities was as follows:

Governmental Activities:	Balance April 1, 2004	Additions	Disposals & Adjustments	Balance March 31, 2005
Capital Assets not being Depreciated:	$ 117,657	$ -	$ -	$ 117,657
Capital Assets being Depreciated:				
Buildings & Building Improvements	$ 449,241	$ 217,920	$ -	$ 667,161
Machinery & Equipment	363,201	10,795	-	373,996
Total Capital Assets being Depreciated	812,442	228,715	-	1,041,157
Accumulated Depreciation:				
Buildings & Building Improvements	(151,311)	(11,647)	-	(162,958)
Machinery & Equipment	(55,323)	(15,068)	-	(70,391)
Total Accumulated Depreciation	(206,634)	(26,715)	-	(233,349)
Net Capital Assets being Depreciated	605,808	202,000	-	807,808
Net Capital Assets	$ 723,465	$ 202,000	$ -	$ 925,465

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

Governmental Activities:	
General Government	$ 6,480
Public Safety	19,268
Recreation & Culture	967
Total Governmental Activities	$ 26,715

7. Long-Term Debt

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Township Hall Addition Amount of Issue - $203,409 Maturing through May 11, 2007	2.76%	$62,496 - $70,752	$ -	$ 203,409	$ 203,409	$ 70,161
Total Governmental Activities			$ -	$ 203,409	$ 203,409	$ 70,161

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending March 31,	Governmental Activities		
	Principal	Interest	Total
2006	$ 70,161	$ 4,269	$ 74,430
2007	70,752	3,678	74,430
2008	62,496	1,725	64,221
Total	$ 203,409	$ 9,672	$ 213,081

8. Reserves, Designations, and Restrictions of Fund Balance and Net Assets

Reserves- Reserved fund balances are legal restrictions on fund balance imposed by sources outside the Township, which typically involve donor restrictions for specific purposes on Township financial resource.

Designations - Designated fund balances are restrictions imposed by the Township on the use of fund balance for specific purposes.

Restricted Net Asset - Restricted Net Assets on the Statement of Net Assets are similar to reserved fund balance in that a portion of net assets are legally restricted for a specific purpose as imposed by sources outside of the Township.

The schedule of reserved, designated and restricted fund balances and net assets is as follows:

NONE

9. Deferred Compensation Plan

Employees of the Township may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect To Service For State and Local Governments).

The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Township subject only to claims of the Township's general creditors. In addition the participants in the plan have rights equal to those of the general creditors of the Township and each participant's rights are equal to his or her share of the fair market value of the plan assts. The Township believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Plans are administered by Public Employees Benefit Services Corporation (PEBSCO). The assets and liabilities held by PEBSCO are reported at market value in the Deferred Compensation Agency Fund. The total amount payable to plan participants is reported as deferred compensation payable.

10. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

11. Post Employment Benefits

The Township does not provide any post employment benefits other than pension benefits.

12. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Required Supplemental Information

Township of Greenwood

Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2005

	General Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Property Taxes	$ 345,015.00	$ 345,015.00	$ 349,618.56	$ 4,603.56
Intergovernmental Revenue	85,100.00	85,100.00	95,541.65	10,441.65
Licenses, Fee & Permits	-	-	16,083.13	16,083.13
Interest Earnings	6,000.00	6,000.00	7,761.72	1,761.72
Loan Proceeds	-	-	203,409.00	203,409.00
Hall Rent	6,000.00	6,000.00	3,150.00	(2,850.00)
Other Revenues	-	-	237.43	237.43
Total Revenues	442,115.00	442,115.00	675,801.49	233,686.49
Expenditures				
General Government				
Township Board	66,000.00	66,000.00	52,191.85	13,808.15
Supervisor	9,000.00	9,000.00	9,000.00	-
Elections	4,000.00	2,500.00	2,404.73	95.27
Professional Services	22,100.00	22,100.00	17,329.38	4,770.62
Assessor	10,535.00	13,035.00	8,535.00	4,500.00
Clerk	10,218.00	10,218.00	10,218.00	-
Treasurer	9,750.00	9,750.00	9,750.00	-
Township Hall Expense	32,200.00	32,200.00	24,567.25	7,632.75
Cemetery Maintenance	500.00	500.00	380.00	120.00
Board of Review	2,000.00	2,000.00	1,572.00	428.00
Other	7,000.00	7,000.00	5,113.29	1,886.71
Total General Government	173,303.00	174,303.00	141,061.50	33,241.50
Public Safety				
Fire Protection	73,000.00	73,000.00	59,890.90	13,109.10
Planning & Zoning	14,000.00	14,000.00	13,189.75	810.25
Street Lights	2,200.00	2,200.00	2,082.19	117.81
Ordinance Enforcement	5,000.00	5,000.00	2,000.04	2,999.96
Total Public Safety	94,200.00	94,200.00	77,162.88	17,037.12
Public Works				
Road Maintenance	196,029.00	196,029.00	108,915.71	87,113.29
Drains At Large	15,000.00	15,000.00	8,561.34	6,438.66
Rubbish Collection	48,000.00	48,000.00	46,257.60	1,742.40
Total Public Works	259,029.00	259,029.00	163,734.65	95,294.35
Recreation & Culture	13,000.00	13,000.00	4,005.75	8,994.25
Other Functions	28,000.00	27,000.00	24,401.56	2,598.44
Capital Outlay	251,000.00	251,000.00	228,715.00	22,285.00
Total Expenditures	818,532.00	818,532.00	639,081.34	179,450.66
Excess of Revenues Over (Under) Expenditures	(376,417.00)	(376,417.00)	36,720.15	413,137.15
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out	(376,417.00)	(376,417.00)	36,720.15	413,137.15
Fund Balance - Beginning of Year	592,949.00	592,949.00	594,408.44	1,459.44
Fund Balance - End of Year	$ 216,532.00	$ 216,532.00	$ 631,128.59	$ 414,596.59

Township of Greenwood

Required Supplemental Information
Budgetary Comparison Schedule
Building Inspection Fund
For The Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Permits	$ 20,000.00	$ 20,000.00	$ 26,534.00	$ 6,534.00
Total Revenues	20,000.00	20,000.00	26,534.00	6,534.00
Expenditures				
Inspectors Fees	20,000.00	20,000.00	19,815.30	184.70
Pension	1,000.00	2,000.00	1,645.65	354.35
Other Expenditures	3,500.00	2,500.00	685.66	1,814.34
Total Expenditures	24,500.00	24,500.00	22,146.61	2,353.39
Excess of Revenues Over (Under) Expenditures	(4,500.00)	(4,500.00)	4,387.39	8,887.39
Other Financing Sources				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(4,500.00)	(4,500.00)	4,387.39	8,887.39
Fund Balance - Beginning of Year	-	-	7,648.00	7,648.00
Fund Balance - End of Year	$ (4,500.00)	$ (4,500.00)	$ 12,035.39	$ 16,535.39

Other Supplemental Information

Township of Greenwood

Other Supplemental Information
Schedule of Indebtedness
March 31, 2005

CSB - Township Hall Note

Dated May 11, 2004
Original Issue $203,409

Interest Rate	Date of Maturity	Principal Outstanding March 31, 2005	Principal Outstanding March 31, 2004	Annual Interest Payable
2.76%	05/11/05	$ 70,161	$ -	$ 4,269
2.76%	05/11/06	70,752	-	3,678
2.76%	05/11/07	62,496	-	1,725
Total Notes Payable		$ 203,409	$ -	$ 9,672

LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

Phone 989-635-3113
Fax 989-635-5580

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

August 9, 2005

Members of the Township Board
Township of Greenwood
St. Clair County, Michigan

Members of the Township Board:

In accordance with your request, I have made an examination of the financial statements of Greenwood Township for the fiscal year ended March 31, 2005. During the course of my examination, there were no items that came to my attention.

From an overall viewpoint, the Greenwood Township is in good financial condition. I thank the Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant