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 GROSSE ILE	WAYNE

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3/31/05	9/27/05	9/30/05

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.		X	
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name)			
HUNGERFORD & CO.			
Street Address	City	State	ZIP
13305 REECK ROAD	SOUTHGATE	MI	48195
Accountant Signature		Date	
Thomas C Montelleon CPA		9-29-05	

Township of Grosse Ile

Financial Report
with Supplemental Information
March 31, 2005

Township of Grosse Ile

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HUNGERFORD & CO. Certified Public Accountants

A Professional Corporation

INDEPENDENT AUDITOR'S OPINION

To the Board of Trustees
Township of Grosse Ile, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Grosse Ile, 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 Grosse Ile's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Grosse Ile, 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.

In accordance with Government Auditing Standards, we have also issued our report dated September 2, 2005 on our consideration of the Township of Grosse Ile, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Members - American Institute of Certified Public Accountants - Michigan Association of Certified Public Accountants

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 53 through 56 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Township of Grosse Ile, Michigan basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford & Co.

September 2, 2005

Our discussion and analysis of the Township of Grosse Ile's (the "Township") 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

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2005:

- The financial report for the year ended March 31, 2005 reflects complete implementation of Governmental Accounting Standards Board Statement Number 34, which significantly changed the content and format of municipal financial reporting. Accordingly, these statements present both entity-wide financial reporting for all governmental and business activities in addition to reporting financial information at the fund level.

- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately $20,037 this year, which represents a 2.1 percent decrease from the prior year.

- Property taxes are the Township's single largest source of revenue. The Township's taxable value for fiscal year 2004/2005 was $589,300,258, which represents an increase of $23,059,289, or 4 percent.

- The Township has historically been conservative and continuously monitors discretionary spending; as a result, the fund balance of the General Fund increased by $25,964.

- On December 14, 2004, special assessment limited tax bonds were issued in the amount of $620,000 for the construction of improvements in the Lake Road, Rucker Road, and Ruthmere Road special assessment districts.

- On January 19, 2005, limited tax general obligation bonds were issued in the amount of $2,000,000 for the construction of water mains located on East River from Ferry Road to Manchester Road.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets (deficit) and the statement of activities provide information about the activities of the Township of Grosse Ile as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date (in thousands of dollars):

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current assets	$ 14,067	$ 10,956	$ 21,411	$ 31,104	$ 35,478	$ 42,060
Noncurrent assets	32,214	32,443	52,527	42,123	84,741	74,566
Total assets	46,281	43,399	73,938	73,227	120,219	116,626
Liabilities						
Current liabilities	786	1,010	585	3,683	1,371	4,693
Long-term liabilities	5,635	5,245	46,946	45,023	52,581	50,268
Total liabilities	6,421	6,255	47,531	48,706	53,952	54,961
Net Assets						
Invested in capital assets - Net of related debt	26,579	26,961	18,664	17,369	45,243	44,330
Restricted	9,400	7,728	4,858	4,652	14,258	12,380
Unrestricted	3,881	2,455	2,885	2,500	6,766	4,955
Total net assets	**$ 39,860**	**$ 37,144**	**$ 26,407**	**$ 24,521**	**$ 66,267**	**$ 61,665**

The Township of Grosse Ile has combined net assets of $66.3 million. Business-type activities comprise $26.4 million of the total net assets.

The following table shows the changes of the net assets during the current year (in thousands of dollars):

TABLE 2

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Net Assets - Beginning of year	$ 37,144	$ 35,913	$ 24,521	$ 23,193	$ 61,665	$ 59,106
Revenue						
Program revenue:						
Charges for services	1,877	1,397	5,246	5,076	7,123	6,473
Operating grants and contributions	109	125	-	-	109	125
Capital grants and contributions	-	-	740	876	740	876
General revenue:						
Property taxes	6,733	6,496	1,330	369	8,063	6,865
State-shared revenue	1,049	982	-	-	1,049	982
Unrestricted investment earnings	191	153	96	53	287	206
Miscellaneous	-	-	-	(4)	-	(4)
Transfers and other revenue	(60)	5	60	(5)	-	-
Total revenue	9,899	9,158	7,472	6,365	17,371	15,523
Program Expenses						
General government	2,506	3,302	-	-	2,506	3,302
Public safety	3,585	3,467	-	-	3,585	3,467
Public works	-	-	3,626	3,206	3,626	3,206
Municipal Airport and Commerce Park	-	-	1,349	1,215	1,349	1,215
Recreation and culture	804	753	611	616	1,415	1,369
Interest on long-term debt	288	405	-	-	288	405
Total program expenses	7,183	7,927	5,586	5,037	12,769	12,964
Change in Net Assets	2,716	1,231	1,886	1,328	4,602	2,559
Net Assets - End of year	**$ 39,860**	**$ 37,144**	**$ 26,407**	**$ 24,521**	**$ 66,267**	**$ 61,665**

Governmental Activities

The Township's total governmental revenues increased by approximately $741,000 despite decreases in state-shared revenue and interest income. The increase, which represents less than 8 percent, was due primarily to the continuing increase in property taxes.

Expenses decreased by about $744,000 during the year. The decrease was due to the Township closely monitoring its spending in all other areas.

Business-type Activities

The Township's business-type activities consist of the Department of Public Works, the Municipal Airport and Commerce Park, the Grosse Ile Bridge, and the Water's Edge Country Club. The Department of Public Works Fund provides water to residents from the Detroit Water System. The Township provides sewage treatment through a Township-owned sewage treatment plant. Refuse collection and recycling services are provided by an outside commercial entity.

The operating revenue of the Department of Public Works' fund increased by 3.5 percent, even though the Township imposed a 5 percent rate increase for water usage. This increase was passed to absorb the 10.4 percent increase from the City of Detroit for the fiscal year. The operating expenses increased by 4.4 percent, resulting in an overall operating net income of $749,587. The increase in expenses was due primarily to water purchased from the City of Detroit and increased personnel costs.

The Municipal Airport and Commerce Park Fund is used to account for the airport operations and the Commerce Park complex. In March 2004, the Grosse Ile Municipal Airport entered into a management agreement with John Shade, director, Grosse Ile Tennis Center to provide the management of tennis programs. Revenues from membership fees shall be placed in a separate account maintained by the Township and applied toward utility expenses and other expenses as deemed necessary. The revenues from court and lesson fees shall be allocated on the following percentage-of-gross basis: director 60 percent, airport 30 percent, and donors 10 percent. Revenues and expenses for this activity have been reported in this fund in the amounts of $64,698 and $33,931 respectively.

The operating revenue for this fund increased by approximately 5.3 percent and the operating expenses increased by approximately 12.5 percent. The increase in revenue resulted primarily from rent increases. The increase in operating expenses is due to current economic conditions that have increased personnel costs and liability insurance and fuel costs. Operating loss was $193,696 for the fiscal year.

The Grosse Ile Bridge Fund is used to account for costs associated with the pending litigation related to the condemnation of the Grosse Ile toll bridge. As of March 31, 2005, the costs associated with this taking are reported as a capital asset in the amount of $285,883.

The Water's Edge Country Club Fund accounts for the operations and maintenance of the golf course, pool, and marina facilities. The facilities are open to the public on a membership and fee basis.

The operating revenue for this fund decreased by approximately 2 percent, and the operating expenses decreased by approximately less than 1 percent. The decrease in revenue resulted primarily from the decline of usage of the golf facility and memberships. The decrease in operating expenses is due to efforts to maintain costs at a minimum to reflect current economic conditions. The two biggest factors affecting the golf course business are the weather and the economy. Operating loss was $62,777 for the fiscal year.

The Township's Funds

Our analysis of the Township's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2005 include the General Fund, the Road Improvement Fund, and the Open Space Fund.

The General Fund pays for most of the Township's governmental services. The most significant are general administration and police operations, which incurred expenses of approximately $1.8 and $2.7 million, respectively, in the current year. The budget in the General Fund is basically a "maintenance" budget, which means it increases modestly from year to year.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget only once to take into account events during the year. The adjustment was made from fund balance to purchase equipment. The Township Board's policy regarding the budget is to avoid making adjustments during the year so that the budget can be used as a financial guide to make financial decisions, and to analyze and maintain the validity of the budget document. As a result, the actual revenues and expenses are usually within 10 percent of budgeted amounts. Overall, the Township departments stayed below the amended budget amounts, resulting in total expenditures and transfers of $32,042 below budget, however, due to reserve requirements for general fund's operating purposes, the General Fund's unreserved fund balance decreased from $1,005,911 a year ago to $949,312 at March 31, 2005.

Capital Asset and Debt Administration

On December 14, 2004, special assessment limited tax bonds were issued in the amount of $620,000 for the construction of improvements in the Lake Road, Rucker Road, and Ruthmere Road special assessment districts.

On January 19, 2005, limited tax general obligation bonds were issued in the amount of $2,000,000 for the construction of water mains located on East River from Ferry Road to Manchester Road.

On March 1, 2005, the Township paid off the 1995 Special Assessment Bonds (Limited Tax General Obligations) Series C.

At the end of fiscal year 2005, the Township had approximately $85 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, bike paths, roads, equipment, and water and sewer lines.

Major capital improvements for the fiscal year included the East River water main replacement project from Ferry Road to Manchester Road, the special assessment district road paving projects of Lake, Rucker, and Ruthmere, and the continuation of the sanitary sewer rehabilitation project.

In 2004/2005 the Township spent approximately $52,000 for a complete computer network system upgrade. This project involved replacing the main fileserver with new equipment running the Microsoft's Windows 2000 operating environment and replacing 24 desktop PC workstations. This upgrade was necessary for efficiency and security purposes.

Economic Factors and Next Year's Budgets and Rates

Due to the extreme economic conditions that every local community is currently facing, the Township's 2005-2006 budget was prepared with the following criteria. First, operating millage revenues will be increased by 3 percent. This can be accomplished because of the strong growth in our tax base. The statewide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. Further, the Township incorporated a 10 percent decrease in state-shared revenue, a 15 percent increase in all employee health insurance premiums, and a 10 percent increase in liability insurance premiums. By limiting other categories of discretionary spending and revisiting how certain services are delivered, the Township was able to balance its budget for the 2005-2006 fiscal year.

As of April 1, 2005, water rates will increase by 5 percent and sewer rates will increase by 10 percent charged to Township residents. Due to large rate increases in previous years, the Township Board felt that the Department of Public Works could absorb the 10.4 percent rate increase imposed by the Detroit Water Board by only increasing rates slightly.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the finance department.

Township of Grosse Ile

Statement of Net Assets (Deficit)
March 31, 2005

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and investments (Note 3)	$ 11,731,781	$ 581,035	$ 12,312,816	$ 79,901
Restricted assets - Undrawn bond proceeds (Note 8)	-	13,938,325	13,938,325	-
Receivables - Net (Note 4)	1,353,189	-	1,353,189	-
Customer receivables	-	991,484	991,484	-
Internal balances (Note 6)	712,581	(712,581)	-	-
Due from other governmental units	259,738	765,543	1,025,281	157,807
Due from component unit	-	80,000	80,000	-
Due from primary government	-	-	-	129,476
Inventories	5,215	50,954	56,169	-
Prepaid items and other assets	4,650	3,466	8,116	-
Restricted assets (Note 8)	-	5,713,460	5,713,460	-
Capital assets - Net (Note 5)	32,213,821	52,526,659	84,740,480	-
Total assets	46,280,975	73,938,345	120,219,320	367,184
Liabilities				
Accounts payable	325,874	223,591	549,465	1,341
Accrued and other liabilities	106,126	79,797	185,923	500
Due to primary government	-	-	-	80,000
Deferred revenue (Note 4)	7,744	66,420	74,164	-
Customer deposits	-	105,692	105,692	-
Compensated absences:				
Due within one year	89,314	28,992	118,306	-
Due in more than one year	256,719	80,860	337,579	-
Long-term debt (Note 7):				
Due within one year	433,140	1,884,900	2,318,040	63,079
Due in more than one year	5,201,962	45,061,188	50,263,150	837,216
Total liabilities	6,420,879	47,531,440	53,952,319	982,136
Net Assets (Deficit)				
Invested in capital assets - Net of related debt	26,578,719	18,663,597	45,242,316	-
Restricted:				
Debt service	1,131,168	-	1,131,168	-
Other purposes (Note 11)	8,268,764	4,858,161	13,126,925	-
Unrestricted	3,881,445	2,885,147	6,766,592	(614,952)
Total net assets (deficit)	**$ 39,860,096**	**$ 26,406,905**	**$ 66,267,001**	**$ (614,952)**

The Notes to Financial Statements are an Integral Part of this Statement.

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	$ 2,505,557	$ 1,446,026	$ 109,542	$ -
Public safety	3,585,085	178,269	-	-
Cultural and recreation	804,838	253,361	-	-
Interest on debt	288,028	-	-	-
Total governmental activities	7,183,508	1,877,656	109,542	-
Business-type activities:				
Department of Public Works	3,626,112	3,650,733	-	740,000
Municipal Airport and Commerce Park	1,349,245	1,116,216	-	-
Water's Edge Country Club	610,720	479,223	-	-
Total business-type activities	5,586,077	5,246,172	-	740,000
Total primary government	**$ 12,769,585**	**$ 7,123,828**	**$ 109,542**	**$ 740,000**
Component units:				
Brownfield Authority	$ 141,277	$ -	$ -	$ -
Downtown Development Authority	47,321	-	250	-
Total component units	**$ 188,598**	**$ -**	**$ 250**	**$ -**

General revenues:
Property taxes
State-shared revenues
Unrestricted investment earnings
Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

The Notes to Financial Statements are an Integral Part of this Statement.

Statement of Activities
Year Ended March 31, 2005

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (949,989)	$ -	$ (949,989)	$ -
(3,406,816)	-	(3,406,816)	-
(551,477)	-	(551,477)	-
(288,028)	-	(288,028)	-
(5,196,310)	-	(5,196,310)	-
-	764,621	764,621	-
-	(233,029)	(233,029)	-
-	(131,497)	(131,497)	-
-	400,095	400,095	-
(5,196,310)	400,095	(4,796,215)	-
-	-	-	(141,277)
-	-	-	(47,071)
-	-	-	(188,348)
6,732,686	1,330,441	8,063,127	286,719
1,049,114	-	1,049,114	-
191,156	95,584	286,740	677
(60,035)	60,035	-	-
7,912,921	1,486,060	9,398,981	287,396
2,716,611	1,886,155	4,602,766	99,048
37,143,485	24,520,750	61,664,235	(714,000)
$ 39,860,096	**$ 26,406,905**	**$ 66,267,001**	**$ (614,952)**

Township of Grosse Ile

Governmental Funds
Balance Sheet
March 31, 2005

	General Fund	Road Improvement Fund	Open Space Fund	2004 SAD Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 2,179,851	$ 3,233,770	$ 858,875	$ 155,469	$ 5,303,816	$ 11,731,781
Receivables - Net	239,585	85,214	53,261	467,646	507,483	1,353,189
Due from other funds	907,100	883,652	-	-	23,064	1,813,816
Due from other governmental units	220,631	-	2,557	-	36,550	259,738
Inventories	5,215	-	-	-	-	5,215
Prepaid items and other assets	100	-	-	-	4,550	4,650
Total assets	**$ 3,552,482**	**$ 4,202,636**	**$ 914,693**	**$ 623,115**	**$ 5,875,463**	**$ 15,168,389**
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 153,478	$ 23,650	$ 245	$ -	$ 148,501	$ 325,874
Accrued and other liabilities	57,382	-	-	-	48,744	106,126
Due to other funds	-	-	875,000	4,469	221,766	1,101,235
Deferred revenue	-	-	-	467,646	310,719	778,365
Total liabilities	210,860	23,650	875,245	472,115	729,730	2,311,600
Fund Balances						
Reserved for debt service	-	-	-	151,000	980,168	1,131,168
Designated, reported in General Fund (Note 11)	2,392,310	-	-	-	-	2,392,310
Unreserved - Undesignated, reported in:						
General Fund	949,312	-	-	-	-	949,312
Special Revenue Funds	-	4,178,986	39,448	-	3,868,909	8,087,343
Capital Projects Funds	-	-	-	-	296,656	296,656
Total fund balances	3,341,622	4,178,986	39,448	151,000	5,145,733	12,856,789
Total liabilities and fund balances	**$ 3,552,482**	**$ 4,202,636**	**$ 914,693**	**$ 623,115**	**$ 5,875,463**	**$ 15,168,389**

Total fund balance for governmental funds	$ 12,856,789
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	32,213,821
Special assessment revenue not received within 60 days of year end is not reported as revenue in the funds	770,621
Long-term debt is not due and payable in the current period and is not reported in the funds	(5,635,102)
Accumulated sick and vacation pay is not due and payable in the current period and is not reported in the funds	(346,033)
Net assets of governmental activities	**$ 39,860,096**

The Notes to Financial Statements are an Integral Part of this Statement.

Township of Grosse Ile

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2005

	General Fund	Road Improvement Fund	Open Space Fund	2004 SAD Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	$ 2,873,737	$ 973,949	$ 571,100	$ -	$ 2,313,900	$ 6,732,686
Special assessments	-	-	-	155,433	129,938	285,371
State sources	1,049,114	-	-	-	-	1,049,114
Licenses and permits	400,936	-	-	-	-	400,936
Charges for services	389	-	-	-	247,925	248,314
Ambulance fees	-	-	-	-	82,394	82,394
Rental income	-	-	-	-	99,196	99,196
Federal sources	-	-	-	-	109,542	109,542
Fines and forfeitures	95,875	-	-	-	-	95,875
Interest income	74,768	37,111	4,474	296	74,507	191,156
Other	252,842	-	-	-	77,028	329,870
Total revenue	4,747,661	1,011,060	575,574	155,729	3,134,430	9,624,454
Expenditures						
Current:						
General government	1,804,281	185,272	19,429	-	189,480	2,198,462
33rd District Court	80,917	-	-	-	-	80,917
Public safety	2,632,935	-	-	-	948,991	3,581,926
Cultural and recreation	-	-	-	-	763,344	763,344
Capital outlay	-	-	-	-	14,792	14,792
Debt service	-	-	-	-	750,406	750,406
Total expenditures	4,518,133	185,272	19,429	-	2,667,013	7,389,847
Excess of Revenue Over Expenditures	229,528	825,788	556,145	155,729	467,417	2,234,607
Other Financing Sources (Uses)						
Transfers in	56,896	-	-	-	248,380	305,276
Transfers out	(260,460)	(15,239)	-	(4,469)	(85,143)	(365,311)
Issuance of debt/debt defeasance	-	-	-	-	615,735	615,735
Total other financing sources (uses)	(203,564)	(15,239)	-	(4,469)	778,972	555,700
Net Change in Fund Balances	25,964	810,549	556,145	151,260	1,246,389	2,790,307
Fund Balances - Beginning of year -	3,315,658	3,368,437	(516,697)	(260)	3,899,344	10,066,482
Fund Balances - End of year	**$ 3,341,622**	**$ 4,178,986**	**$ 39,448**	**$ 151,000**	**$ 5,145,733**	**$ 12,856,789**

The Notes to Financial Statements are an Integral Part of this Statement.

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

Net Change in Fund Balances - Total Governmental Funds	$ 2,790,307
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	616,264
Loss on disposal of assets	(35,277)
Depreciation expense	(810,053)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	335,700
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	466,643
Bond proceeds are not reported as financing sources on the statement of activities	(620,000)
Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(26,973)
Change in Net Assets of Governmental Activities	**$ 2,716,611**

The Notes to Financial Statements are an Integral Part of this Statement.

Township of Grosse Ile

Proprietary Funds
Statement of Net Assets
March 31, 2005

	Enterprise Funds				
	Department of Public Works	Municipal Airport and Commerce Park	Grosse Ile Bridge	Water's Edge Country Club	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 300	$ 473,249	$ -	$ 107,486	$ 581,035
Restricted assets - Undrawn proceeds	13,938,325	-	-	-	13,938,325
Customer receivables - Net	964,920	18,220	-	8,344	991,484
Due from other govenmental units	765,543	-	-	-	765,543
Due from component units	-	80,000	-	-	80,000
Inventories	33,082	16,932	-	940	50,954
Prepaid costs and other assets	2,185	1,281	-	-	3,466
Total current assets	15,704,355	589,682	-	116,770	16,410,807
Noncurrent assets:					
Restricted assets	5,669,625	37,944	-	5,891	5,713,460
Capital assets	40,613,953	10,191,231	285,883	1,435,592	52,526,659
Total noncurrent assets	46,283,578	10,229,175	285,883	1,441,483	58,240,119
Total assets	61,987,933	10,818,857	285,883	1,558,253	74,650,926
Liabilities					
Current liabilities:					
Accounts payable	170,339	43,259	-	9,993	223,591
Accrued and other liabilities	30,587	37,841	-	11,369	79,797
Due to other funds	41,502	87,591	285,883	297,605	712,581
Deferred revenue	-	-	-	66,420	66,420
Customer deposits	31,314	69,378	-	5,000	105,692
Current portion of compensated absences	11,200	9,936	-	7,856	28,992
Current portion of long-term debt	1,824,900	25,000	-	35,000	1,884,900
Total current liabilities	2,109,842	273,005	285,883	433,243	3,101,973
Noncurrent liabilities:					
Provision for compensated absences - Net of current portion	36,104	16,977	-	27,779	80,860
Long-term debt - Net of current portion	43,376,188	655,000	-	1,030,000	45,061,188
Total noncurrent liabilities	43,412,292	671,977	-	1,057,779	45,142,048
Total liabilities	45,522,134	944,982	285,883	1,491,022	48,244,021
Net Assets					
Investment in capital assets - Net of related debt	8,539,726	9,473,287	285,883	364,701	18,663,597
Restricted (Note 11)	4,858,161	-	-	-	4,858,161
Unrestricted	3,067,912	400,588	(285,883)	(297,470)	2,885,147
Total net assets	**$ 16,465,799**	**$ 9,873,875**	**$ -**	**$ 67,231**	**$ 26,406,905**

The Notes to Financial Statements are an Integral Part of this Statement.

Township of Grosse Ile

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Assets
Year Ended March 31, 2005

	Enterprise Funds				
	Department of Public Works	Municipal Airport and Commerce Park	Grosse Ile Bridge	Water's Edge Country Club	Total
Operating Revenue					
Sale of water	$ 1,804,386	$ -	$ -	$ -	$ 1,804,386
Sewage disposal charges	1,168,260	-	-	-	1,168,260
Refuse charges	678,087	-	-	-	678,087
Airport related	-	397,680	-	-	397,680
Commerce Park rent	-	435,442	-	-	435,442
Fuel farm	-	218,396	-	-	218,396
Tennis center	-	64,698	-	-	64,698
Golf	-	-	-	330,362	330,362
Marina	-	-	-	119,611	119,611
Pool	-	-	-	29,250	29,250
Total operating revenue	3,650,733	1,116,216	-	479,223	5,246,172
Operating Expenses					
Cost of water produced/purchased	1,144,264	-	-	-	1,144,264
Cost of sewage treatment	822,746	-	-	-	822,746
Cost of refuse disposal	616,637	-	-	-	616,637
Airport related	-	646,737	-	-	646,737
Commerce Park rent	-	26,937	-	-	26,937
Fuel farm	-	222,812	-	-	222,812
Tennis center	-	33,931	-	-	33,931
Golf	-	-	-	311,168	311,168
Marina	-	-	-	88,634	88,634
Pool	-	-	-	73,440	73,440
Depreciation	317,499	379,495	-	68,758	765,752
Total operating expenses	2,901,146	1,309,912	-	542,000	4,753,058
Operating Income (Loss)	749,587	(193,696)	-	(62,777)	493,114
Nonoperating Revenue (Expenses)					
Property taxes	1,330,441	-	-	-	1,330,441
Investment income	87,231	7,489	-	864	95,584
Interest expense	(724,966)	(39,333)	-	(68,720)	(833,019)
Total nonoperating expenses	692,706	(31,844)	-	(67,856)	593,006
Income (Loss) - Before capital contributions	1,442,293	(225,540)	-	(130,633)	1,086,120
Capital Contributions	740,000	-	-	-	740,000
Operating Transfers Out (In)	-	-	-	60,035	60,035
Change in Net Assets	2,182,293	(225,540)	-	(70,598)	1,886,155
Net Assets - Beginning of year -	14,283,506	10,099,415	-	137,829	24,520,750
Net Assets - End of year	**$ 16,465,799**	**$ 9,873,875**	**$ -**	**$ 67,231**	**$ 26,406,905**

The Notes to Financial Statements are an Integral Part of this Statement.

Township of Grosse Ile

Proprietary Funds
Statement of Cash Flows
Year Ended March 31, 2005

	Enterprise Funds				
	Department of Public Works	Municipal Airport and Commerce Park	Grosse Ile Bridge	Water's Edge County Club	Total
Cash Flows from Operating Activities					
Receipts from customers	$ 3,874,997	$ 1,246,980	$ -	$ 478,974	$ 5,600,951
Payments to suppliers	(2,414,305)	(706,329)	-	(205,737)	(3,326,371)
Payments to employees	(455,444)	(319,108)	-	(262,948)	(1,037,500)
Internal activity - Payments from (to) other funds	(61,808)	(103,857)	16,900	172,798	24,033
Other receipts	87,231	7,489	-	864	95,584
Net cash provided by operating activities	1,030,671	125,175	16,900	183,951	1,356,697
Cash Flows from Financing Activities					
Proceeds from issuance of debt	2,000,000	-	-	-	2,000,000
Purchase of capital assets	(2,181,285)	(57,553)	(16,900)	(60,027)	(2,315,765)
Proceeds from property tax levy	1,330,441	-	-	-	1,330,441
Operating transfers in	-	-	-	60,035	60,035
Principal paid on capital debt	(1,115,537)	(14,553)	-	(35,000)	(1,165,090)
Interest paid on capital debt	(724,966)	(39,333)	-	(68,720)	(833,019)
Net cash used in capital and related financing activities	(691,347)	(111,439)	(16,900)	(103,712)	(923,398)
Cash Flows from Investing Activities -					
Interest received on investments	87,231	7,489	-	864	95,584
Net Increase in Cash and Cash Equivalents	426,555	21,225	-	81,103	528,883
Cash and Cash Equivalents - Beginning of year	5,243,370	489,968	-	32,274	5,765,612
Cash and Cash Equivalents - End of year	**$ 5,669,925**	**$ 511,193**	**$ -**	**$ 113,377**	**$ 6,294,495**
Balance Sheet Classification of Cash and Cash Equivalents					
Cash and investments	$ 300	$ 473,249	$ -	$ 107,486	581,035
Restricted investments (Note 8)	5,669,625	37,944	-	5,891	5,713,460
Total cash and cash equivalents	**$ 5,669,925**	**$ 511,193**	**$ -**	**$ 113,377**	**$ 6,294,495**

The Notes to Financial Statements are an Integral Part of this Statement.

Proprietary Funds
Statement of Cash Flows (Continued)
Year Ended March 31, 2005

	Enterpise Funds				
	Department of Public Works	Municipal Airport and Commerce Park	Grosse Ile Bridge	Water's Edge Country Club	Total
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	$ 749,587	$ (193,696)	$ -	$ (62,777)	493,114
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	317,499	379,495	-	68,758	765,752
Changes in assets and liabilities:					
Receivables	(198,330)	30,808	-	(8,344)	(175,866)
Due from other governmental units	2,264,259	-	-	-	2,264,259
Prepaid expense	46	(260)	-	-	(214)
Inventories	-	(4,528)	-	(430)	(4,958)
Accounts payable	(2,076,544)	(3,140)	-	4,995	(2,074,689)
Accrued and other liabilities	20,042	13,669	-	5,163	38,874
Deferred revenue	-	(6,178)	-	(100)	(6,278)
Compensated absences	2,351	1,547	-	(112)	3,786
Other liabilities	13,569	11,315	-	4,000	28,884
Interfund activity	(61,808)	(103,857)	16,900	172,798	24,033
Net cash provided by operating activities	**$ 1,030,671**	**$ 125,175**	**$ 16,900**	**$ 183,951**	**$ 1,356,697**

Noncash Investing, Capital, and Financing Activities - During the year ended March 31, 2005, the Department of Public Works Fund received $740,000 of water and sewer lines donated by developers.

The Notes to Financial Statements are an Integral Part of this Statement.

Fiduciary Funds
Statement of Assets and Liabilities
March 31, 2005

	Agency Funds		
	General	Tax Collection	Total
Assets - Cash and cash equivalents	**$ 741,647**	**$ 367,486**	**$ 1,109,133**
Liabilities			
Due to component unit	$ -	$ 129,476	$ 129,476
Due to other governmental units	-	176,966	176,966
Accrued and other liabilities	741,647	61,044	802,691
Total liabilities	**$ 741,647**	**$ 367,486**	**$ 1,109,133**

The Notes to Financial Statements are an Integral Part of this Statement.

Component Units
Statement of Net Assets (Deficit)
March 31, 2005

	Brownfield Authority	Downtown Development Authority	Totals
Assets			
Cash and investments	$ 3,662	$ 76,239	$ 79,901
Due from other governmental units	157,807	-	157,807
Due from primary government	18,416	111,060	129,476
Total assets	179,885	187,299	367,184
Liabilities			
Accounts payable	-	1,341	1,341
Due to primary government	80,000	-	80,000
Accrued and other liabilities	-	500	500
Long-term debt (Note 7):			
Due within one year	38,079	25,000	63,079
Due in more than one year	337,216	500,000	837,216
Total liabilities	455,295	526,841	982,136
Net Deficit - Unrestricted	**$ (275,410)**	**$ (339,542)**	**$ (614,952)**

The Notes to Financial Statements are an Integral Part of this Statement.

		Program Revenues	
	Expenses	Charges for Services	Operating Grants/ Contributions
Brownfield Authority - Community and economic development	$ 141,277	$ -	$ -
Downtown Development Authority - Community and economic development	47,321	-	250
Total governmental activities	**$ 188,598**	**$ -**	**$ 250**
General Revenues			
Property taxes			
Interest			
Total general revenues			
Change in Net Deficit			
Net Deficit - Beginning of year			
Net Deficit - End of year			

The Notes to Financial Statements are an Integral Part of this Statement.

Component Units
Statement of Activities
Year Ended March 31, 2005

Net (Expense) Revenue and Changes in Net Assets		
Brownfield Authority	Downtown Development Authority	Total
$ (141,277)	$ -	$ (141,277)
-	(47,071)	(47,071)
(141,277)	(47,071)	(188,348)
163,166	123,553	286,719
6	671	677
163,172	124,224	287,396
21,895	77,153	99,048
(297,305)	(416,695)	(714,000)
$ (275,410)	**$ (339,542)**	**$ (614,952)**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Township of Grosse Ile (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

Reporting Entity

The Township operates as a General Law Township under the laws of the State of Michigan. The Township is governed by an elected seven-member Board. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Blended Component Units

The Grosse Ile Building Authority (the "Authority") is composed of a three-member board appointed by the Township's Board of Trustees. Although it is a separate legal entity from the Township, the Authority is reported as if it were a part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

The Grosse Ile/City of Trenton Utilities Authority (the "Authority") was created under Michigan Statute Act 233 of Public Act 1955, as amended, to acquire, construct, and finance water supply improvements. The Authority is composed of three members, two from Grosse Ile and one from the City of Trenton. Although the Authority is presented under this section, there is no joint venture between the two communities. Each community owns, operates, finances, and maintains its own water/sewer system within its jurisdiction. This Authority is used as a funding mechanism for water and sewer projects. There is no intention now or in the future to sponsor a jointly owned venture. Although it is a separate legal entity from the Township, the Authority is reported as if it were a part of the primary government within the Department of Public Works Fund because its sole purpose is to finance and construct water and sewer projects

Note 1 - Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units

The Downtown Development Authority (the "Authority") was created under Act No. 197 of the Michigan State statutes to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic development within the downtown district. The supervisor, subject to the approval of the Township Board under the supervision and control of a Board consisting of the Township supervisor and eight members, appoints the Authority. A tax incremental financing plan was instituted to finance the activities of the Authority. In addition, the Authority budget is subject to approval by the Township Board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township.

The Brownfield Authority was created under Michigan Public Act 381 of 1997. Its purpose is to redevelop and reuse the Grosse Ile Airport Commerce Park through the capture of tax revenues generated within the Brownfield District. The tax revenues are used to remediate environmental problems (approved by the Township Board) and for land use and market studies (approved by the State of Michigan Department of Environmental Quality). The members consist of the Airport Commission appointed by the Township Board. A tax incremental financing plan was instituted to finance the activities of the Authority. In addition, the Authority's budget is subject to approval by the Township Board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township.

Jointly Governed Organizations

Jointly governed organizations are discussed in Note 13.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 revenue.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Note 1 - Summary of Significant Accounting Policies (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

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.

Road Improvement Fund - The Road Improvement Fund is used to account for funds from a tax millage for public improvements to nonresidential and commonly used thoroughfares. It is used to pay certain contract indebtedness under contracts to be entered into with the County of Wayne or contractors for the purpose of providing various improvements and maintenance to roads within the Township and the payment of any special road assessments for Township-owned land. The fund was authorized by a vote of the residents approving a tax levy.

Open Space Fund - The Open Space Fund is used to account for funds from a tax millage for the purpose of purchasing and maintaining privately owned Township land to maintain and preserve the rural setting of the Township. This fund was authorized by a vote of the residents approving a tax levy.

2004 SAD Debt Fund - The 2004 SAD Debt Fund is used to account for principal and interest debt activity related to debt used to construct a road special assessment district. Debt service payments are made from yearly tax assessments and residual monies from interest free pre-payments.

The Township reports the following major proprietary funds:

Department of Public Works Fund - The Department of Public Works Fund accounts for the activities of the water distribution system, sewage collection system, and refuse collection. The fund's primary revenues are generated through user charges from those requesting water and sewer services.

Municipal Airport and Commerce Park Fund - The Municipal Airport and Commerce Park Fund is used to account for the airport operations and the Commerce Park complex. Financing is provided by user charges for the airport and by rental income in Commerce Park. The airport was a naval aviation operation, transferred to the Township, and has some land use restrictions imposed by the FAA.

Note 1 - Summary of Significant Accounting Policies (Continued)

Grosse Ile Bridge Fund - The Grosse Ile Bridge Fund is used to account for costs associated with the pending litigation related to the condemnation of the Grosse Ile toll bridge.

Water's Edge Country Club Fund - The Water's Edge Country Club Fund accounts for the operation and maintenance of the golf course, pool, and marina facilities. The facilities are open to the public on a membership and fee basis.

Additionally, the Township reports the following fund types:

Agency Funds - Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Capital Projects Funds - Capital Projects Funds are used to account for the construction of major capital facilities and Township infrastructure other than those financed by proprietary and trust funds.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Special Revenue Funds - Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes or designated by management to be accounted for in another fund. These funds are classified as Special Revenue Funds due to the limited usage of their assets.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2004 tax is levied and collectible on December 1, 2004 and is recognized as revenue in the year ended March 31, 2005, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2004 taxable valuation of the Township totaled $589.3 million (a portion of which is abated and a portion of which is captured by the Brownfield Authority and Downtown Development Authority), on which taxes levied consisted of 3.2019 mills for operating purposes, 1.728 mills for police operations, 1.9666 mills for fire operations and equipment purchases, .9805 mills for open space purchases, 1.6721 mills for road improvements, .4776 mills for recreation operations, .0953 mills for bike path maintenance, .3921 mills for library use, .3234 mills for drainage improvements, .3500 mills for public safety building debt, and 2.06 mills for sewer-related debt. This resulted in $1.88 million for operating, $1.01 million for police operations, $1.15 million for fire operations and equipment purchases, $571,000 for open space purchases, $974,000 for road improvements, $278,000 for recreation operations, $55,000 for bike path maintenance, $228,000 for library use, $188,000 for drainage improvements, $206,000 for public safety building debt, and $1.5 million for sewer-related debt. These amounts are recognized in the respective General Funds, Special Revenue Funds, Debt Service Funds, and Enterprise Funds financial statements as tax revenue.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average method. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Noncurrent receivables such as special assessments are recorded at full value, and deferred revenue is recorded for the portion not available for use to finance operations as of year end. Interest income on special assessments receivable is not accrued until its due date.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

Restricted Assets - Restricted assets of the Department of Public Works Fund consist of cash, municipal pooled investments, and highly liquid assets restricted for replacement of the water and sewer distribution and collection systems and sewer plant capital replacement. Unspent bond proceeds of the Enterprise Funds are required to be set aside for construction. These amounts have also been classified as restricted assets.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than $1,000 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	50 years
Bike paths	20 years
Drains	100 years
Water and sewer distribution systems	20 to 100 years
Water and sewer treatment facilities	40 to 50 years
Buildings and building improvements	20 to 50 years
Vehicles	5 to 30 years
Furniture and fixtures	7 to 10 years
Equipment and machines	7 to 20 years
Signs	20 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds where appropriate except in the General Fund, where it is only reported for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)".

Annual budgets are adopted for all funds. The budget represents a complete financial plan for all activities of the Township for the ensuing fiscal year. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Expenditures at this level in excess of amounts budgeted are a violation of State law.

Encumbrance accounting is employed in all funds. Annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The amount of encumbrances outstanding at March 31, 2005 is $0.

The budget process begins with a strategy meeting in December with the Township supervisor, Township manager, and finance director to plan and prioritize goals and objectives for the upcoming budget year.

Each January, department heads receive workpapers to prepare their individual line item budgets. Upon completion, the department budgets are returned to the finance director for compilation and review. A public meeting with the department managers is held with the Township supervisor, Township manager, and finance director to provide justification of their budgets.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

A proposed, balanced budget is then developed and submitted to the Township Board for review. A public hearing on the budget is held before its final adoption. Upon review, and a subsequent public hearing, the Township Board adopts the proposed budget by resolution prior to the commencement of the next fiscal year.

A comparison of actual results of operations to the General Fund and Major Special Revenue Funds budgets adopted by the Township Board is included as required supplemental information. The comparison includes expenditure budget overruns. A comparison of actual results of operations, including budget overruns to all the fund budgets as adopted by the Township Board, is available at the finance department's office for inspection.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Township incurred expenditures in governmental funds that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
General Fund			
Finance department	$ 237,946	$ 240,372	$ (2,426)
Property tax administration	85,939	86,780	(841)
Township Treasurer	124,415	125,425	(1,010)
Community Development	232,616	268,722	(36,106)
Cable Commission	95,000	95,044	(44)
Professional Services	115,000	173,696	(58,696)
33rd District Court	80,846	80,917	(71)
Police	2,454,840	2,619,212	(164,372)
Transfers out	108,577	260,460	(151,883)

The unfavorable expenditure variances in the General Fund were caused by unanticipated expenditures and transfers that became necessary during the year.

Fund Deficits - The Township has accumulated fund deficits in the following individual funds:

The deficit in the Capital Project Improvement Fund of $12,789 will be eliminated in future years as future loan reimbursements are received.

The deficit in the Downtown Development Authority of $339,542 will be eliminated in future years as property tax collections are received.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The deficit in the Brownfield Authority of $275,410 will be eliminated in future years as property tax collections are received.

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at April 1, 2004	$ (11,984)
Current year building permit revenue	287,137
Related expenses:	
Direct costs	(263,506)
Administrative indirect costs	(5,216)
Cumulative overage at March 31, 2005	$ 6,431

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Township has designated seven banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank investment pool, and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

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

Note 3 - Deposits and Investments (Continued)

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

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	$ 10,792,644	$ 580,914	$ 1,109,133	$ 12,482,691	$ 79,901
Investments	939,137	121	-	939,258	-
Restricted assets	-	5,713,460	-	5,713,460	-
Total	$ 11,731,781	$ 6,294,495	$ 1,109,133	$ 19,135,409	$ 79,901

Deposits

The breakdown between deposits and investments for the Township is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	$ 18,193,451	$ 79,901
Investments in securities, mutual funds, and similar vehicles	939,258	-
Petty cash or cash on hand	2,700	-
Total	$ 19,135,409	$ 79,901

The bank balance of the Township's deposits is $4,572,651, of which $425,485 is covered by federal depository insurance and $4,147,166 is uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. 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.

The component units' deposits had a bank balance of $79,920, all of which was covered by federal depository insurance.

Note 3 - Deposits and Investments (Continued)

The Township's investments during the year consisted solely of bank investment pools. There was $9,585,070 invested in such funds of the primary government, fiduciary funds, and component units at March 31, 2005. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares. Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, these funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The Township believes that the investments in these funds comply with the investment authority noted above.

Note 4 - Receivables

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

	General Fund	Road Improvement Fund	Open Space Fund	2004 SAD Debt Fund	Nonmajor and Other Funds	Total Primary Government
Receivables:						
Taxes	$ 191,783	$ 80,904	$ 52,041	$ -	$ 190,995	$ 515,723
Special assessments	-	-	-	467,646	302,975	770,621
Accounts	47,802	-	-	-	8,470	56,272
Interest and other	-	4,310	1,220	-	5,043	10,573
Net receivables	$ 239,585	$ 85,214	$ 53,261	$ 467,646	$ 507,483	$ 1,353,189

At year end, all receivables recorded in the Township's component units related to taxes receivable.

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	$ 770,621	$ -
Other	-	7,744
Total	$ 770,621	$ 7,744

Note 4 - Receivables (Continued)

The Waters Edge Country Club bills the upcoming summer season dockage fees in January of the applicable year. Deferred revenue is recorded for the amounts collected from January to March 31, 2005.

Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance April 1, 2004	Additions	Disposals	Balance March 31, 2005
Governmental Activities				
Capital assets not being depreciated:				
Open space land	$ 10,121,471	$ -	$ 2,557	$ 10,118,914
Other land	1,172,372	-	-	1,172,372
Subtotal	11,293,843	-	2,557	11,291,286
Capital assets being depreciated:				
Infrastructure	15,987,415	83,523	-	16,070,938
Buildings and improvements	7,434,290	227,904	-	7,662,194
Public safety vehicles	1,697,727	78,973	47,963	1,728,737
Furniture, fixtures, and other vehicles	3,244,191	225,864	88,362	3,381,693
Subtotal	28,363,623	616,264	136,325	28,843,562
Accumulated depreciation:				
Infrastructure	4,193,057	274,810	-	4,467,867
Buildings and improvements	855,691	152,448	-	1,008,139
Public safety vehicles	684,191	237,069	40,239	881,021
Furniture, fixtures, and other vehicles	1,481,640	145,726	63,366	1,564,000
Subtotal	7,214,579	810,053	103,605	7,921,027
Net capital assets being depreciated	21,149,044	(193,789)	32,720	20,922,535
Net capital assets	$ 32,442,887	$ (193,789)	$ 35,277	$ 32,213,821

Note 5 - Capital Assets (Continued)

	Balance April 1, 2004	Additions	Disposals	Balance March 31, 2005
Business-type Activities				
Capital assets not being depreciated:				
Land	$ 5,652,599	$ -	$ -	$ 5,652,599
Construction in progress	22,211,642	10,335,467	3,429,729	29,117,380
Subtotal	27,864,241	10,335,467	3,429,729	34,769,979
Capital assets being depreciated:				
Water and sewer distribution system	9,173,103	4,169,729	-	13,342,832
Buildings and building improvements	14,445,596	39,419	-	14,485,015
Furniture, machinery, and equipment	651,270	54,986	3,904	702,352
Vehicles	222,047	-	-	222,047
Subtotal	24,492,016	4,264,134	3,904	28,752,246
Accumulated depreciation:				
Water and sewer distribution system	2,502,542	243,090	-	2,745,632
Buildings and building improvements	7,206,513	198,034	-	7,404,547
Furniture, machinery, and equipment	376,330	292,436	3,904	664,862
Vehicles	148,333	32,192	-	180,525
Subtotal	10,233,718	765,752	3,904	10,995,566
Net capital assets being depreciated	14,258,298	3,498,382	-	17,756,680
Net capital assets	$ 42,122,539	$ 13,833,849	$ 3,429,729	$ 52,526,659

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

Governmental activities:	
General government	$ 506,558
Public safety	251,498
Cultural and recreation	51,997
Total governmental activities	$ 810,053
Business-type activities:	
Department of Public Works	$ 317,499
Municipal Airport and Commerce Park	379,495
Water's Edge Country Club	68,758
Total business-type activities	$ 765,752

Note 5 - Capital Assets (Continued)

Construction Commitments - The Township has active construction projects at year-end. At year-end, the Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sanitary Sewer Separation Project		
Phase I - CIPP Lining	$ 1,068,752	$ -
Phase II - Retention Basin Pump Station and Interceptor	11,313,460	705,032
Phase II - Sanitary Sewer Replacement	2,684,763	169,874
Phase III - North - South Relief Interceptor	4,268,989	10,132,521
Water Main Replacement - Rucker and Lake	492,027	95,276
Water Main Looping - Parke Lane	56,170	8,367
Water Main Replacement - East River	925,780	102,065
Water Main Replacement - Ferry Road	497,213	237,945
Total	$ 21,307,154	$ 11,451,080

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Nonmajor governmental funds	$ 203,171
	Grosse Ile bridge	285,883
	Department of Public Works	32,850
	Municipal Airport and Commerce Park	87,591
	Water's Edge Country Club	297,605
	Total General Fund	907,100
Road Improvement Fund	Department of Public Works	8,652
	Open Space Fund	875,000
	Total Road Improvement Fund	883,652
Nonmajor governmental funds	Nonmajor governmental funds	23,064
	Total	$ 1,813,816

Receivable Fund	Payable Fund	Amount
Due from Component Unit		
Municipal Airport and Commerce Park	Component unit - Brownfield Authority	$ 80,000

Receivable Fund	Payable Fund	Amount
Component Units - Due from Primary Government		
Component unit - Downtown Development Authority	Agency Fund - Tax collection fund	$ 111,060
Component unit - Brownfield Authority	Agency Fund - Tax collection fund	18,416
	Total	$ 129,476

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Nonmajor governmental funds	$ 200,425
Nonmajor governmental funds	General Fund	56,896
Nonmajor governmental funds	Nonmajor governmental funds	47,955
General Fund	Water's Edge Country Club	60,035
	Total	$ 365,311

The transfers to and from the General Fund to the nonmajor governmental funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations; the transfer from the Municipal Airport to the nonmajor governmental funds represents a transfer of monies in excess of allowable grant expenditures.

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. State and county contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties that benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Number of Issues	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	(Reductions)	Ending Balance	Due Within One Year
Governmental Activities								
General obligation bonds:								
Sanitary drain bonds Amount of issue: $5,285,000 Maturing through 2009	1	3.15%-7.50%	$131,392- $288,340	$ 861,745	$ -	$ (131,643)	$ 730,102	$ 163,140
Public safety building bonds Amount of issue: $2,555,000 Maturing through 2015	1	4.15%-9.25%	$70,000- $175,000	-	-	-	-	-
Public safety building bonds Amount of issue: $1,585,000 Maturing through 2015	1	2.0%-4.0%	$125,000- $170,000	1,585,000	-	(125,000)	1,460,000	125,000
Grosse Ile Building Authority bonds Amount of issue: $2,400,000 Maturing through 2025	1	5.125%-8.0%	$25,000- $200,000	2,275,000	-	(50,000)	2,225,000	50,000
Special assessment bonds Amount of issue: $3,695,000 Maturing through 2019	5	3.5%-6.1%	$10,000- $105,000	760,000	620,000	(160,000)	1,220,000	95,000
Total governmental activities				$ 5,481,745	$ 620,000	$ (466,643)	$ 5,635,102	$ 433,140

	Number of Issues	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	(Reductions)	Ending Balance	Due Within One Year
Business-type Activities								
General obligation bonds:								
Tax sewer system improvement bonds Amount of issue: $40,000,000 Maturing through 2025	3	2.125%-2.5%	$155,000- $1,235,000	$ 39,685,000	$ -	$ (935,000)	$ 38,750,000	$ 1,625,000
G.I./Trenton Utility Authority Amount of issue: $6,320,150 Maturing through 2024	4	3.25%-7.0%	$15,000- $201,075	3,821,625	2,000,000	(150,537)	5,671,088	169,900
Grosse Ile Building Authority bonds Amount of issue: $950,000 Maturing through 2018	1	5.2%-7.0%	$20,000- $80,000	810,000	-	(30,000)	780,000	30,000
Grosse Ile Building Authority bonds Amount of issue: $650,000 Maturing through 2025	1	7.65%-10.0%	$5,000- $50,000	635,000	-	(10,000)	625,000	10,000
Capital Improvement bonds Amount of issue: $515,000 Maturing through 2017	1	3.5%-4.7%	$25,000- $45,000	465,000	-	(25,000)	440,000	25,000
Capital Improvement bonds Amount of issue: $680,000 Maturing through 2019	1	4.5%-6.3%	$25,000- $80,000	680,000	-	-	680,000	25,000
Installment Purchase Agreements -								
Municipal Airport and Industrial Park Amount of issue: $1,320,000 Maturing through 2011	7	4.0%-7.2%	-	14,553	-	(14,553)	-	-
Total business-type activities				$ 46,111,178	$ 2,000,000	$ (1,165,090)	$ 46,946,088	$ 1,884,900
Component Units								
Brownfield revitalization revolving loan Amount of issue: $421,825 Maturing through 2014	1	2.25%	$40,708- $46,524	$ 421,825	$ -	$ (46,530)	$ 375,295	$ 38,079
Downtown Development Authority Amount of issue: $620,000 Maturing through 2019	1	4.1%-5.9%	$5,000- $65,000	545,000	-	(20,000)	525,000	25,000
Total component units				$ 966,825	$ -	$ (66,530)	$ 900,295	$ 63,079

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2006	$ 433,140	$ 238,982	$ 672,122	$ 1,884,900	$ 834,018	$ 2,718,918	$ 63,079	$ 33,016	$ 96,095
2007	439,405	223,583	662,988	2,014,263	800,341	2,814,604	63,930	31,134	95,064
2008	472,557	201,387	673,944	2,059,263	745,357	2,804,620	69,812	29,209	99,021
2009	555,000	189,133	744,133	2,114,263	688,747	2,803,010	70,708	27,023	97,731
2010	315,000	175,302	490,302	2,197,989	630,181	2,828,170	71,624	24,788	96,412
2011-2015	1,690,000	658,096	2,348,096	12,196,115	2,171,399	14,367,514	386,142	83,683	469,825
2016-2020	830,000	353,337	1,183,337	13,414,295	328,060	13,742,355	175,000	17,885	192,885
2021-2025	900,000	122,074	1,022,074	11,065,000	(1,255,327)	9,809,673	-	-	-
Total	$ 5,635,102	$ 2,161,894	$ 7,796,996	$ 46,946,088	$ 4,942,776	$ 51,888,864	$ 900,295	$ 246,738	$ 1,147,033

Advance Refundings In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the general purpose financial statements. At March 31, 2005, $1,520,000 of bonds outstanding are considered defeased.

Note 8 - Restricted Assets

The balances of the restricted asset accounts are as follows:

	Department of Public Works	Municipal Airport and Commerce Park	Waters Edge Country Club	Total Business-type Activities
Unspent bond proceeds and related interest	$ 811,464	$ 37,944	$ 5,891	$ 855,299
Sewer plant improvements	2,822,668	-	-	2,822,668
Water and sewer distributive and collective systems	2,035,493	-	-	2,035,493
Total restricted assets	$ 5,669,625	$ 37,944	$ 5,891	$ 5,713,460

Restricted Assets - Undrawn bond proceeds reported in the Township's Department of Public Works represent funds available for future draws on the Sanitary Sewer Rehabilitation Project Bonds. Debt has been recorded by the Township for 100 percent of the amount of funds available under this bond issue.

Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical claims as of March 1997; however, the Township still maintains a self-insurance plan for dental claims only. The Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and the Michigan Township Participating Plan for property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Township Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

The Michigan Municipal League risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers all employees of the Township. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Trend information is as follows:

	Fiscal Year Ended March 31		
	2003	2004	2005
Annual pension costs (APC)	$ 330,108	$ 480,448	$ 601,729
Percentage of APC contributed	100%	100%	100%
Net pension obligation	$ -	$ -	$ -

Note 10 - Defined Benefit Pension Plan (Continued)

	Actuarial Valuation as of December 31		
	2002	2003	2004
Actuarial value of assets	$ 9,863,436	$ 10,806,524	$ 11,774,520
Actuarial Accrued Liability (AAL)	13,099,309	14,062,027	15,566,691
Unfunded AAL (UAAL)	3,235,873	3,255,503	3,792,171
Funded ratio	75.3%	76.8%	75.6%
Covered payroll	$ 3,059,169	$ 3,058,784	$ 3,123,219
UAAL as a percentage of covered payroll	106%	106%	121%

At March 31, 2005, members consisted of the following:

	Active Employees	Retired Employees*
Police	17	9
Dispatch	6	2
Fire	2	1
Union	22	7
Administration	14	14
Total	61	33

*Retired employees include beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 1.0 percent of gross wages for public safety employees.

Note 10 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost - For the year ended March 31, 2005, the Township's annual pension cost of $601,729 for the plan was equal to the Township's required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry age actuarial cost method. Significant actuarial assumptions used include: (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) 2 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years. Annually since 1997, the Township has been budgeting and voluntarily contributing an extra $100,000 above the recommended required contribution to work toward a 100 percent funding level.

Note 11 - Reserved and Designated Fund Balances

Net assets of governmental activities have been reserved for the following:

Restricted net assets:	
Roads	$ 4,178,986
Fire operating and equipment	1,952,150
Recreation	186,477
Library	279,511
Bicycle path	696,173
Drains	626,574
Open Space	39,448
Capital projects	309,445
Restricted net assets:	$ 8,268,764

Fund balance of the General Fund has been designated for the following purposes:

Debt service	$ 176,425
Advance to Grosse Ile Bridge Fund	285,883
Subsequent year's expenditures	1,930,002
Total	$ 2,392,310

Note 11 - Reserved and Designated Fund Balances (Continued)

Net assets of the Department of Public Works have been reserved for the following:

Sewer plant improvements	$ 2,822,668
Water and sewer distributive and collective systems	2,035,493
Total restricted net assets	$ 4,858,161

Note 12 - Contingent Liabilities

During the ordinary course of its operation, the Township is a party to various claims, legal actions, and complaints.

The Township adopted a Resolution and Statement of Necessity dated June 9, 2003, whereby indicating its intention to acquire, by its power of eminent domain, the real and personal property belonging to the Grosse Ile Bridge Company. The Resolution of Necessity authorizes and directs the Township, via its legal counsel, to institute legal proceedings against parties in interest of the subject property for public purposes. In accordance with the provisions of MCL 212.55(1), the Township submitted a good faith offer for acquisition of the above property in the amount of $4,293,000. This good faith offer was rejected on behalf of the Grosse Ile Bridge Company.

As of September 15, 2003, the Township has the legal authority to sell general obligation capital bonds, pursuant to Act 34, Public Acts of Michigan 2001, as amended, in an amount not to exceed $10,000,000 for the purpose of paying the costs of acquiring the property and bridge and making certain capital improvements to the subject property.

On August 1, 2003, a Condemnation Complaint and Demand for Jury Trial was filed with the Court entitled *Township of Grosse Ile Bridge Company Case No. 03-325491 CC.* This complaint was prepared and filed in compliance with the provisions of the Resolution of Necessity and such statutes authorizing the Township to carry out the intent of said resolution regarding the taking of the subject private property. This case is presently pending at the Michigan Court of Appeals No. 255759.

The Township, along with several other communities, was issued a "Notice of Noncompliance" from the State of Michigan Department of Environmental Quality (the "Department") for alleged failure to comply with terms and conditions of a permit for discharge of wastewater and sewage.

Note 12 - Contingent Liabilities (Continued)

The Township Board has agreed to the terms and conditions of an administrative consent order issued by the Department dated April 26, 2001. Under terms of the consent decree, the communities are required to undertake construction projects to expand and upgrade the system. The Township has issued bonds of $40,000,000 to pay for costs related to the system improvements. The modifications to the system are substantially complete; however, contractual issues with the contractors of the project have arisen relating to the completion of the improvements. In substance, the contractors seek compensation in addition to the amounts specified under the contractual arrangements to which the Township is a party. The litigation involving one contractor has consisted only of the filing of the asserted claims in Wayne County Circuit Court. Discovery has not yet commenced and there has been no case schedule set. This contractor has not yet quantified the amount sought by it in the litigation, but the amount is believed to exceed $5 million. The claims asserted by the two other contractors are the subject of separate litigation also pending in Wayne County Circuit Court. The amount currently sought by these contractors in total is estimated to be in excess of $3 million.

The Township will continue to respond to the claims against them by vigorously contesting any liability. However, because of the early stage of the litigation, the Township's attorney is unable to render and evaluation of the likelihood of and unfavorable outcome or and estimate of the amount or range of potential loss.

Note 13 - Joint Venture

The Township is a member of the 33rd District Court (the "Court"), which provides judicial services to the member communities. The Court receives its operating revenue principally from fines and fees, in addition to annual funding contributions from member communities. During the current year, the Township received approximately $12,648 from the Court, representing the Township's share of the Court's net activity. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating communities in the near future, other than the fluctuation of case loads, which impacts the Township's share of the Court debt. Complete financial statements for the Court can be obtained from the administrative offices at: 19000 Van Horn Road, Woodhaven, MI 48183.

During 1995, the Township and various other surrounding communities entered into an installment purchase agreement with a bank on behalf of the Court. The communities collectively agreed to finance the construction of an addition to the Court for a total cost of approximately $2,000,000.

Note 13 - Joint Venture (Continued)

The intention of the Court is to make the monthly interest and principal payments on behalf of the communities. In the event that payments are not received by the bank when due, each community will be responsible for its proportionate share of the debt based on Court usage. The Township's original estimated share of this debt was anticipated to be 4.12 percent but has been averaging approximately 3 percent to 4 percent over the past several years. The Township's portion of the related building addition, their equity interest, and debt obligation in the Court has been deemed insignificant by the Township and has not been recorded in the statement of net assets as of March 31, 2005.

For each community, the "share" is the percentage of total amount of any payment due equal to a fraction, the numerator of which is the total cases handled by the Court for that community from January 1 to December 31 of the year immediately preceding the year in which the payment is due, and the denominator of which is the total number of cases handled by the Court for the same time period. The share of the Township through December 31, 2004 approximated 4.01 percent. Principal and interest payments made by the Court on the Township's behalf during the year totaled $3,431 and $2,762, respectively. The Court has set aside certain funds of the Township in anticipation of its future debt requirements. The Township has not recorded these amounts held by the Court since it is not anticipated that they will be made available currently, nor can they be used for purposes other than debt retirement.

Note 14 - Other Postemployment Benefits

The Township has elected to provide postemployment health, dental, vision, and life insurance benefits to all eligible full-time retired employees and their beneficiaries. The government pays the full cost of coverage for these benefits. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant (other than specific co-pays). The Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Currently, 26 retirees are eligible for post-employment health benefits. For the fiscal year ended March 31, 2005, the Township made payments for postemployment health benefits of $261,374. The government obtains health care coverage through private insurers.

Note 14 - Other Postemployment Benefits (Continued)

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

Required Supplemental Information

Township of Grosse Ile

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Property taxes	$ 2,836,108	$ 2,836,108	$ 2,873,737	$ 37,629
Intergovernmental revenue	918,425	918,425	1,049,114	130,689
Licenses and permits	373,808	373,808	400,936	27,128
Charges for services	1,300	1,300	389	(911)
Fines and forfeitures	82,096	82,096	95,875	13,779
Interest income	70,000	70,000	74,768	4,768
Other revenue	247,226	247,226	252,842	5,616
Total revenues	4,528,963	4,528,963	4,747,661	218,698
Expenditures				
General government:				
Township board	49,619	49,619	41,227	8,392
Township supervisor	27,534	27,534	22,559	4,975
Township manager	236,338	236,338	227,372	8,966
Elections	56,883	56,883	39,137	17,746
Township clerk	139,254	139,254	121,276	17,978
Finance department	237,946	237,946	240,372	(2,426)
Property tax administration	85,939	85,939	86,780	(841)
Board of Review	2,200	2,200	828	1,372
Township treasurer	124,415	124,415	125,425	(1,010)
Township grounds and maintenance	421,199	421,199	248,112	173,087
Community development	232,616	232,616	268,722	(36,106)
Cable commission	95,000	95,000	95,044	(44)
Professional services	115,000	115,000	173,696	(58,696)
General expenditures	168,762	168,762	113,731	55,031
Total general government	1,992,705	1,992,705	1,804,281	188,424
33rd District Court	80,846	80,846	80,917	(71)
Public safety:				
Police	2,448,762	2,454,840	2,619,212	(164,372)
Animal control	11,850	11,850	6,942	4,908
Auxiliary police	13,390	13,390	6,781	6,609
Total public safety	2,474,002	2,480,080	2,632,935	(152,855)
Total expenditures	4,547,553	4,553,631	4,518,133	35,498
Excess of Revenues Over (Under) Expenditures	(18,590)	(24,668)	229,528	254,196

Required Supplemental Information
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Other Financing Sources (Uses)				
Operating transfers in	$ 127,167	$ 127,167	$ 56,896	$ (70,271)
Operating transfers out	(108,577)	(108,577)	(260,460)	(151,883)
Total other financing sources (uses)	18,590	18,590	(203,564)	(222,154)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	-	(6,078)	25,964	32,042
Fund Balance - April 1, 2004	3,315,658	3,315,658	3,315,658	-
Fund Balance - March 31, 2005	**$ 3,315,658**	**$ 3,309,580**	**$ 3,341,622**	**$ 32,042**

Township of Grosse Ile

Required Supplemental Information
Budgetary Comparison Schedule
Major Special Revenue Funds - Road Improvement
Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 960,384	$ 960,384	$ 973,949	$ 13,565
Interest income	5,000	5,000	37,111	32,111
Total revenue	965,384	965,384	1,011,060	45,676
Expenditures - General government	4,270,384	4,270,384	185,272	4,085,112
Excess of Revenue Over (Under) Expenditures	(3,305,000)	(3,305,000)	825,788	4,130,788
Other Financing Sources				
Transfer out	-	-	(15,239)	(15,239)
Net Change in fund balances	(3,305,000)	(3,305,000)	810,549	4,115,549
Fund Balance - Beginning of year	3,368,437	3,368,437	3,368,437	-
Fund Balance - End of year	**$ 63,437**	**$ 63,437**	**$ 4,178,986**	**$ 4,115,549**

Required Supplemental Information
Budgetary Comparison Schedule
Major Special Revenue Funds - Open Space Fund
Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 563,171	$ 563,171	$ 571,100	$ 7,929
Interest income	-	-	4,474	4,474
Total revenue	563,171	563,171	575,574	12,403
Expenditures - General government	48,171	48,171	19,429	28,742
Excess of Expenditures Over Revenue	515,000	515,000	556,145	41,145
Fund Balance (Deficit) - Beginning of year	(516,697)	(516,697)	(516,697)	-
Fund Balance (Deficit) - End of year	**$ (1,697)**	**$ (1,697)**	**$ 39,448**	**$ 41,145**

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2005

	Nonmajor Governmental Funds			
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	$ 4,049,629	$ 942,592	$ 311,595	$ 5,303,816
Receivables - Net	166,932	340,551	-	507,483
Due from other funds	18,595	-	4,469	23,064
Due from other governmental units	36,550	-	-	36,550
Prepaid expenses and other assets	4,550	-	-	4,550
Total assets	**$ 4,276,256**	**$ 1,283,143**	**$ 316,064**	**$ 5,875,463**
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 148,501	$ -	$ -	$ 148,501
Accrued and other liabilities	48,744	-	-	48,744
Due to other funds	202,358	-	19,408	221,766
Deferred revenue	7,744	302,975	-	310,719
Total liabilities	407,347	302,975	19,408	729,730
Fund Balances				
Reserved	-	980,168	-	980,168
Unreserved - Undesignated	3,868,909	-	296,656	4,165,565
Total fund balances	3,868,909	980,168	296,656	5,145,733
Total liabilities and fund balances	**$ 4,276,256**	**$ 1,283,143**	**$ 316,064**	**$ 5,875,463**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended March 31, 2005

	Nonmajor Governmental Funds			
	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenue				
Property taxes	$ 1,900,034	$ 413,866	$ -	$ 2,313,900
Special assessments	-	129,938	-	129,938
Charges for services	219,325	28,600	-	247,925
Ambulance fees	82,394	-	-	82,394
Rental income	99,196	-	-	99,196
Federal sources	109,542	-	-	109,542
Interest income	38,491	30,772	5,244	74,507
Other	64,739	-	12,289	77,028
Total revenue	2,513,721	603,176	17,533	3,134,430
Expenditures				
Current:				
General government	189,480	-	-	189,480
Public safety	948,991	-	-	948,991
Cultural and recreation	763,344	-	-	763,344
Capital outlay	-	-	14,792	14,792
Debt service	-	750,406	-	750,406
Total expenditures	1,901,815	750,406	14,792	2,667,013
Excess of Revenue Over (Under) Expenditures	611,906	(147,230)	2,741	467,417
Other Financing Sources (Uses)				
Issuance of debt	-	-	615,735	615,735
Transfers in	48,157	195,754	4,469	248,380
Transfers out	(85,053)	-	(90)	(85,143)
Total other financing sources (uses)	(36,896)	195,754	620,114	778,972
Net Change in Fund Balances	575,010	48,524	622,855	1,246,389
Fund Balances (Deficit) - Beginning of year	3,293,899	931,644	(326,199)	3,899,344
Fund Balances - End of year	**$ 3,868,909**	**$ 980,168**	**$ 296,656**	**$ 5,145,733**

	Public Safety Building Maintenance	Fire Operating	Fire Equipment	Recreation Fund
Assets				
Cash and investments	$ 79,685	$ 986,163	$ 969,141	$ 223,370
Receivables - Net	834	77,954	24,105	24,472
Due from other funds	834	-	-	17,761
Due from other governmental units	-	-	-	-
Prepaid expenses and other assets	-	-	-	4,550
Total assets	**$ 81,353**	**$ 1,064,117**	**$ 993,246**	**$ 270,153**
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 6,238	$ 19,059	$ 2,147	$ 4,098
Accrued and other liabilities	-	17,643	-	31,101
Due to other funds	-	66,364	-	42,472
Deferred revenue	-	-	-	6,005
Total liabilities	6,238	103,066	2,147	83,676
Fund Balances - Undesignated	75,115	961,051	991,099	186,477
Total liabilities and fund balances	**$ 81,353**	**$ 1,064,117**	**$ 993,246**	**$ 270,153**

Other Supplemental Information
Combining Balance Sheet
Nonmajor Special Revenue Funds
March 31, 2005

Historical Farm	Library Fund	Block Grant Fund	Bicycle Path	Drain and Storm Maintenance	Total Nonmajor Special Revenue Funds
$ 56,166	$ 368,669	$ 56,872	$ 693,385	$ 616,178	$ 4,049,629
77	17,599	-	4,961	16,930	166,932
-	-	-	-	-	18,595
-	-	36,550	-	-	36,550
-	-	-	-	-	4,550
$ 56,243	**$ 386,268**	**$ 93,422**	**$ 698,346**	**$ 633,108**	**$ 4,276,256**
$ 1,495	$ 106,757	$ -	$ 2,173	$ 6,534	$ 148,501
-	-	-	-	-	48,744
834	-	92,688	-	-	202,358
1,739	-	-	-	-	7,744
4,068	106,757	92,688	2,173	6,534	407,347
52,175	279,511	734	696,173	626,574	3,868,909
$ 56,243	**$ 386,268**	**$ 93,422**	**$ 698,346**	**$ 633,108**	**$ 4,276,256**

	Public Safety Building Maintenance	Fire Operating	Fire Equipment	Recreation Fund
Revenue				
Property taxes	$ -	$ 867,296	$ 282,384	$ 278,166
Charges for services	-	-	-	219,325
Ambulance fees	-	82,394	-	-
Rental income	34,158	-	-	-
Federal sources	-	-	-	-
Interest income	1,334	6,673	10,645	492
Other	-	-	8,000	46,207
Total revenue	35,492	956,363	301,029	544,190
Expenditures - Current				
General government	-	-	-	-
Public safety	125,265	751,365	72,361	-
Cultural and recreation	-	-	-	571,715
Total expenditures	125,265	751,365	72,361	571,715
Excess of Revenue Over (Under) Expenditures	(89,773)	204,998	228,668	(27,525)
Other Financing Sources (Uses)				
Transfers in	20,000	-	-	25,781
Transfers out	-	(66,896)	-	(2,376)
Total other financing sources (uses)	20,000	(66,896)	-	23,405
Net Change in Fund Balances	(69,773)	138,102	228,668	(4,120)
Fund Balances - Beginning of year	144,888	822,949	762,431	190,597
Fund Balances - End of year	**$ 75,115**	**$ 961,051**	**$ 991,099**	**$ 186,477**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended March 31, 2005

Historical Farm	Library Fund	Block Grant Fund	Bicycle Path	Drain and Storm Maintenance	Total Nonmajor Special Revenue Funds
$ -	$ 228,363	$ -	$ 55,480	$ 188,345	$ 1,900,034
-	-	-	-	-	219,325
-	-	-	-	-	82,394
65,038	-	-	-	-	99,196
-	-	109,542	-	-	109,542
435	2,330	-	10,252	6,330	38,491
-	-	-	10,532	-	64,739
65,473	230,693	109,542	76,264	194,675	2,513,721
-	-	111,918	47,353	30,209	189,480
-	-	-	-	-	948,991
24,302	167,327	-	-	-	763,344
24,302	167,327	111,918	47,353	30,209	1,901,815
41,171	63,366	(2,376)	28,911	164,466	611,906
-	-	2,376	-	-	48,157
(15,781)	-	-	-	-	(85,053)
(15,781)	-	2,376	-	-	(36,896)
25,390	63,366	-	28,911	164,466	575,010
26,785	216,145	734	667,262	462,108	3,293,899
$ 52,175	**$ 279,511**	**$ 734**	**$ 696,173**	**$ 626,574**	**$ 3,868,909**

	Sanitary Drain District	Public Safety Building Debt	1993 SAD Debt	1995 SAD Debt	1995 Series B SAD Debt
Assets					
Cash and investments	$ 176,977	$ 121,864	$ 142,181	$ 35,059	$ 73,644
Receivables - Net	17,143	17,110	-	-	-
Total assets	**$ 194,120**	**$ 138,974**	**$ 142,181**	**$ 35,059**	**$ 73,644**
Liabilities and Fund Balances					
Liabilities					
Deferred revenue	$ -	$ -	$ -	$ -	$ -
Fund Balances - Reserved	194,120	138,974	142,181	35,059	73,644
Total liabilities and fund balances	**$ 194,120**	**$ 138,974**	**$ 142,181**	**$ 35,059**	**$ 73,644**

Other Supplemental Information
Combining Balance Sheet
Nonmajor Debt Service Funds
March 31, 2005

1995 Series C SAD Debt	1996 SAD Debt	1998 SAD Debt	1999 SAD Debt	Building Authority	Total Nonmajor Debt Service Funds
$ 27	$ 83,040	$ 169,597	$ 139,585	$ 618	$ 942,592
-	941	143,509	161,848	-	340,551
$ 27	**$ 83,981**	**$ 313,106**	**$ 301,433**	**$ 618**	**$ 1,283,143**
$ -	$ -	$ 142,761	$ 160,214	$ -	$ 302,975
27	83,981	170,345	141,219	618	980,168
$ 27	**$ 83,981**	**$ 313,106**	**$ 301,433**	**$ 618**	**$ 1,283,143**

	Sanitary Drain District	Public Safety Building Debt	1993 SAD Debt	1995 SAD Debt	1995 Series B SAD Debt
Revenue					
Property taxes	$ 206,933	$ 206,933	$ -	$ -	$ -
Special assessments	-	-	-	-	-
Charges for services	28,600	-	-	-	-
Interest income	256	362	1,476	238	522
Total revenue	235,789	207,295	1,476	238	522
Expenditures - Debt service	185,622	182,748	-	225	225
Excess of Revenue Over (Under) Expenditures	50,167	24,547	1,476	13	297
Other Financing Sources					
Transfers in	-	-	-	-	-
Net Change in Fund Balances	50,167	24,547	1,476	13	297
Fund Balances - Beginning of year	143,953	114,427	140,705	35,046	73,347
Fund Balances - End of year	**$ 194,120**	**$ 138,974**	**$ 142,181**	**$ 35,059**	**$ 73,644**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended March 31, 2005

1995 Series C SAD Debt	1996 SAD Debt	1998 SAD Debt	1999 SAD Debt	Building Authority	Total Nonmajor Debt Service Funds
$ -	$ -	$ -	$ -	$ -	$ 413,866
47,179	12,928	46,990	22,841	-	129,938
-	-	-	-	-	28,600
2,724	1,194	11,426	12,556	18	30,772
49,903	14,122	58,416	35,397	18	603,176
80,575	22,323	50,347	47,916	180,425	750,406
(30,672)	(8,201)	8,069	(12,519)	(180,407)	(147,230)
15,239	-	-	-	180,515	195,754
(15,433)	(8,201)	8,069	(12,519)	108	48,524
15,460	92,182	162,276	153,738	510	931,644
$ 27	**$ 83,981**	**$ 170,345**	**$ 141,219**	**$ 618**	**$ 980,168**

Other Supplemental Information
Combining Balance Sheet
Nonmajor Capital Projects Funds
March 31, 2005

	G.I. Building Authority	Capital Project Improvements	1998 SAD Construction	1999 SAD Construction	2004 SAD Construction	Total Nonmajor Capital Projects Funds
Assets						
Cash and investments	$ -	$ (12,789)	$ 96,326	$ 213,119	$ 14,939	$ 311,595
Due from other funds	-	-	-	-	4,469	4,469
Total assets	**$ -**	**$ (12,789)**	**$ 96,326**	**$ 213,119**	**$ 19,408**	**$ 316,064**
Liabilities and Fund Balances (Deficit)						
Liabilities						
Due to other funds	$ -	$ -	$ -	$ -	$ 19,408	$ 19,408
Fund Balances (Deficit) - Undesignated	-	(12,789)	96,326	213,119	-	296,656
Total liabilities and fund balances (deficit)	**$ -**	**$ (12,789)**	**$ 96,326**	**$ 213,119**	**$ 19,408**	**$ 316,064**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit)
Nonmajor Capital Projects Funds
Year Ended March 31, 2005

	G.I. Building Authority	Capital Project Improvements	1998 SAD Construction	1999 SAD Construction	2004 SAD Construction	Total Nonmajor Capital Projects Funds
Revenue						
Interest income	$ -	$ 1,280	$ 995	$ 1,721	$ 1,248	$ 5,244
Other	-	12,289	-	-	-	12,289
Total revenue	-	13,569	995	1,721	1,248	17,533
Expenditures - Capital outlay	-	-	-	-	14,792	14,792
Excess of Revenue Over (Under) Expenditures	-	13,569	995	1,721	(13,544)	2,741
Other Financing Sources						
Bond Proceeds	-	-	-	-	615,735	615,735
Transfers out	(90)	-	-	-	-	(90)
Transfers in	-	-	-	-	4,469	4,469
Total other financing sources	(90)	-	-	-	620,204	620,114
Net Change in Fund Balances	(90)	13,569	995	1,721	606,660	622,855
Fund Balances (Deficit) - Beginning of year	90	(26,358)	95,331	211,398	(606,660)	(326,199)
Fund Balances (Deficit) - End of year	**$ -**	**$ (12,789)**	**$ 96,326**	**$ 213,119**	**$ -**	**$ 296,656**

TOWNSHIP OF GROSSE ILE, MICHIGAN

REPORT ON EXPENDITURES OF FEDERAL AWARDS

MARCH 31, 2005

HUNGERFORD & CO.

TOWNSHIP OF GROSSE ILE, MICHIGAN

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MARCH 31, 2005

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Corrective Action Plan	N/A

HUNGERFORD & CO. Certified Public Accountants

A Professional Corporation

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

Board of Trustees
Township of Grosse Ile, Michigan
Wayne County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Grosse Ile, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township of Grosse Ile, Michigan's basic financial statements and have issued our report thereon dated September 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Grosse Ile, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Township of Grosse Ile, Michigan in a separate letter dated September 2, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Grosse Ile, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we have reported to the management of the Township of Grosse Ile, Michigan in a separate letter dated September 2, 2005.

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

Hungerford & Co.

September 2, 2005

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Township of Grosse Ile, Michigan
Wayne County, Michigan

Compliance

We have audited the compliance of the Township of Grosse Ile, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended March 31, 2005. The Township of Grosse Ile, Michigan's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township of Grosse Ile, Michigan's management. Our responsibility is to express an opinion on the Township of Grosse Ile, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Grosse Ile, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Grosse Ile, Michigan's compliance with those requirements.

In our opinion, the Township of Grosse Ile, Michigan complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2005.

Internal Control Over Compliance

The management of the Township of Grosse Ile, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Township of Grosse Ile, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Grosse Ile, Michigan as of and for the year ended March 31, 2005, and have issued our report thereon dated September 2, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Township of Grosse Ile, Michigan's basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Hungerford & Co.

September 2, 2005

TOWNSHIP OF GROSSE ILE, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED MARCH 31, 2005

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Award Amount	Federal Expenditures
Major Program			
U.S. Environmental Protection Agency			
Passed Through Michigan Department of Environmental Quality			
Capitalization Grants for State Revolving Funds	66.458		
Project No. 5203 - 01		$ 841,293	$ (179)
Project No. 5203 - 02		4,266,499	718,926
Project No. 5203 - 03		1,294,498	977,708
Total Major Program		6,402,290	1,696,455
Other Federal Awards			
U.S. Department of Housing and Urban Development			
Passed Through Wayne County Community			
Development Block Grants	14.219		
Project No. 02-09-03F 03 - ADA Compliance/Park Improvements		20,000	20,000
Project No. 03-09-03F - ADA Compliance/Park Improvements		70,000	69,405
Project No. 02-09-05A - Senior Citizen Staffing and Services		1,010	1,010
Project No. 03-09-05A - Senior Citizen Staffing and Services		20,000	3,587
Project No. 04-09-05A - Senior Citizen Staffing and Services		20,000	15,540
Total U.S. Department of Housing and Urban Development		131,010	109,542
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		
Project No. N/A - 2004		440	440
Organized Crime Drug Enforcement Task Force	16.UNKNOWN		
Project No. N/A - 2004		3,744	3,744
Drug Enforcement Administration Task Force Agreement	16.UNKNOWN		
Project No. N/A - 2005		14,666	2,654
Passed Through Downriver Community Conference			
Public Safety Partnership and Community Policing Grant	16.710		
Project No. N/A - 2004		23,420	23,420
Total U.S. Department of Justice		42,270	30,258
U.S. Department of Transportation			
Passed Through Michigan Department of State Police			
State & Community Highway Safety	20.600		
Project No. JJ-03-02		28,966	11,366
Project No. JJ-05-07		13,998	7,127
Project No. JJ-04-11		3,552	3,552
Total U.S. Department of Transportation		46,516	22,045

See notes to schedule of expenditures of federal awards

TOWNSHIP OF GROSSE ILE, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED MARCH 31, 2005

(Continued)

Federal Agency/Pass-Through Agency/Program Title	CFDA Number	Award Amount	Federal Expenditures
Other Federal Awards (Continued)			
U.S. Department of Homeland Security			
Port Security Grant Program	97.056		
Project No. 1804		$ 81,445	$ 79,561
Passed Through Michigan Department of State Police			
State Domestic Preparedness Equipment Support Program	97.004		
Project No. N/A - 2003		40,480	40,480
Total U.S. Department of Homeland Security		121,925	120,041
U.S. Department of Agriculture			
Passed Through Michigan Department of Agriculture			
Plant and Animal Disease, Pest Control and Animal Care	10.025		
Project No. 79IN4002308		5,665	4,021
Total Other Federal Awards		347,386	285,907
Total Federal Awards		$ 6,749,676	$ 1,982,362

See notes to schedule of expenditures of federal awards

TOWNSHIP OF GROSSE ILE, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 -

The accompanying Schedule of Expenditures of Federal Awards includes federal grant activity of the Township of Grosse Ile, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

NOTE 2 -

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 3 -

The program with total funds expended of $300,000 or more (Type A programs) was Capitalization Grants for State Revolving Funds. This Type A program was not considered low-risk and was required to be tested as a major program. The Township qualified as a low-risk auditee. Therefore, 25% of total federal awards expended were tested as major programs. The Capitalization Grants for State Revolving Funds program also satisfied this requirement.

TOWNSHIP OF GROSSE ILE, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED MARCH 31, 2005

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: (*unqualified, qualified, adverse, or disclaimer*)

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __x__ no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes __x__ none reported

Noncompliance material to financial statements noted? _____ yes __x__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes __x__ no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes __x__ none reported

Type of auditor's report issued on compliance for major programs: (*unqualified, qualified, adverse, or disclaimer)*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes __x__ no

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
66.458	Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? __x__ yes ____ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

TOWNSHIP OF GROSSE ILE, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED MARCH 31, 2005

FEDERAL PROGRAM	FINDINGS	QUESTIONED COSTS
	Prior Year Finding	
	None.	

TOWNSHIP OF GROSSE ILE

LETTER OF COMMENTS AND RECOMMENDATIONS

MARCH 31, 2005

HUNGERFORD & CO.

HUNGERFORD & CO. Certified Public Accountants

A Professional Corporation

Board of Trustees
Township of Grosse Ile
Wayne County, Michigan

We have audited the financial statements of the Township of Grosse Ile for the year ended March 31, 2005. As part of our audit, we reviewed the Township's accounting procedures and system of internal control.

The objectives of an internal control system are to provide reasonable, but not absolute, assurance as to 1) the safeguarding of assets against loss from unauthorized use or disposition, 2) proper division of duties between various employees to provide a reasonable check upon transactions and, 3) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The following comments and recommendations are presented for your consideration:

*** * * PRIOR YEAR COMMENTS * * ***

DPW - ACCOUNTS RECEIVABLE

The subsidiary listing for accounts receivable in the DPW does not agree with the general ledger. Apparently, the detail has not been reconciled to the general ledger for some time. Subsidiary ledgers should be reconciled to the ledger on a regular basis. We recommended that the DPW reconcile the detail accounts receivable listing to the general ledger and continue to do so on a regular basis.

Action Taken: During the year ended March 31, 2005, the Township converted to a new receivable software program for DPW and the general ledger balance was reconciled to the detail accounts receivable listing.

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OTHER POSTEMPLOYMENT BENEFITS

For a number of years we have commented on the Township's providing health, dental and life insurance benefits to full-time employees upon retirement. The benefits are known as "Other Postemployment Benefits," or OPEB. The Township's contributions for OPEB are currently financed on a pay-as-you-go basis.

The Government Accounting Standards Board recently issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* which addresses how local governments should account for and report their costs and obligations related to OPEB. The statement generally requires that local governments account for and report the annual cost of OPEB and the outstanding obligations in essentially the same manner as they currently do for pensions. OPEB costs will be based on actuarially determined amounts that, if paid on an ongoing basis, would provide sufficient resources to pay benefits as they come due. Medium-sized governments are required to implement the requirements of Statement 45 for periods beginning after December 15, 2006, with earlier implementation encouraged.

CAPITAL PROJECT FUNDS

During our audits, we noted that budgets have not been adopted for the capital project funds for the years ended March 31, 1999 through 2004. The Uniform Budgeting and Accounting Act does not require a budget for a capital project fund. However, it does require that the budget of the Township include "an informational summary of projected revenues and expenditures of any special assessment funds, public improvement or building and site funds, including the estimated total cost and proposed method of financing each capital construction project, and the projected additional annual operating cost and the method of financing the operating cost of each capital construction project for three years beyond the fiscal year covered by the budget". Historically, the Township has prepared and adopted an annual budget for each of its capital project funds to be in compliance with this disclosure requirement.

Action Taken: Budgets were established for all active capital project funds for year ended March 31, 2005.

DPW - INVENTORY

A complete physical inventory of supplies, parts and materials at the various storage facilities has not been taken in several years and there has been no change to the inventory balance on the general ledger. An inventory is required to maintain proper internal control over the items and should be taken at the end of each fiscal year.

We again recommend that the DPW establish procedures to ensure that an inventory is taken as of March 31 of each year.

FUND DEFICITS

As of March 31, 2004, the Township had accumulated fund deficits in several individual funds. The Township is in violation of Public Act 621 of 1978. In accordance with Public Act 621 of 1978, we recommend that the Township formulate deficit reduction plans and submit them to the Michigan Department of Treasury.

The Township's fund deficits and corrective action plans were as follows: The Open Space Fund has a deficit of $516,697 that will be eliminated in future years as property tax collections are received. The Special Assessment District Construction Fund has a deficit of $606,920 that will be eliminated with future bond sale proceeds. The Capital Project Improvement Fund has a deficit of $26,358 that will be eliminated in future years as future loan reimbursements are received. The Downtown Development Authority and the Brownfield Authority have deficits of $416,695 and $297,305, respectively, which will be eliminated in future years as property tax collections are received.

Action Taken: The accumulated deficits in the Open Space Fund and the Special Assessment District Construction Fund were completely eliminated during the year ended March 31, 2005. The deficits in the Capital Project Improvement Fund, the Downtown Development Authority and the Brownfield Authority were reduced to $12,789, $339,542 and $275,410, respectively in accordance with the Township's corrective action plans. These deficits will continue to be eliminated in future years as outlined above.

CAPITAL PROJECT FUNDS

During the year ended March 31, 2004, there were two capital project funds that had no activity except for interest income earned on the bank accounts. As of March 31, 2004, the Grosse Ile Building Authority Construction Fund and the 1998 Special Assessment District Construction Fund had accumulated fund balances of $90 and $95,331, respectively. The projects for which these two funds were established have been completed. We recommended that the assets and related fund balance in these capital project funds be transferred to the related debt service funds and the funds closed.

Action Taken: During the year ended March 31, 2005, the Building Authority Construction Fund was closed.

We again recommend that the 1998 Special Assessment District Construction Fund, which now has an accumulated fund balance of $96,326, be closed and the assets be transferred to the related debt service fund.

During the year ended March 31, 2004, the 1999 Special Assessment District Construction Fund also had no activity except for interest income earned on its bank account, which resulted in a cumulative fund balance of $211,398 at March 31, 2004. The related project is complete. However, the Township is still anticipating a final bill of approximately $100,000 from a vendor for the last phase of the construction work. We recommended that the Township actively research its account status with this vendor to resolve the matter in a timely fashion. Once this issue is resolved, the assets and related fund balance in this capital project fund should be transferred to the related debt service fund and the fund closed.

During the year ended March 31, 2005, no action was taken by the Township to resolve this matter. The 1999 Special Assessment District Construction Fund has a cumulative fund balance of $213,119 at March 31, 2005. We again recommend that the status of any outstanding bills be resolved and that the assets and related fund balance in this capital project fund be transferred to the related debt service fund and the fund closed.

CURRENT YEAR COMMENTS

FUND DEFICITS

As of March 31, 2005, the Township had accumulated fund deficits in several individual funds. The Township is in violation of Public Act 621 of 1978. In accordance with Public Act 621 of 1978, we recommend that the Township formulate deficit reduction plans and submit them to the Michigan Department of Treasury.

Management Response: The Township's fund deficits and corrective action plans are as follows: Water's Edge Country Club has an unrestricted fund deficit of $297,470 that will be eliminated in future years with the reorganization of the entire operation, including staff reductions, consolidations and rate restructuring that will hopefully increase membership and facility usage. The Grosse Ile Bridge has an unrestricted fund deficit of $285,883 that will be eliminated in future years through the sale of general obligation capital improvement bonds or transfer to the general fund. The actions of the Township are dependent on the outcome of a pending court case.

DEBT SERVICE FUNDS

As of March 31, 2005, the Township had three special assessment debt funds in which the final bond payments have been made and the total amount collected on the assessments was more than 5% of the original tax roll. For the 1993 Special Assessment District Debt, the 1995 Special Assessment District Debt and the 1995 Series B Special Assessment District Debt, the Township is required to refund this surplus to the persons who are owners of record on the date of the passage of the Township resolution ordering the refund. Any surplus less than 5% may be transferred to the Township's general fund.

We recommend that the Township pass the appropriate resolution and issue the required refunds to the property owners in a timely fashion. In addition, any surplus below 5% should be transferred to the general fund and the debt service funds closed.

SUMMARY

Record keeping procedures are fundamentally sound and reliable. The employees responsible for these functions were cooperative in answering questions and providing documentation required during our audit.

We would like to thank the Board for this opportunity to again serve as your auditors. As you know, we are available throughout the year to answer questions or work on special projects at your request.

Hungerford & Co.

September 2, 2005