TOWNSHIP OF GREENDALE
Midland County, Michigan

FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION

Year Ended March 31, 2006

Michigan Dept. of Treasury, Local Audit & Finance Division
496 (3-98). Formerly L-3147

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type	Local Government Name	County
☐ City ☒ Township ☐ Village ☐ Other	Township of Greendale	Midland

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
March 31, 2006	September 14, 2006	September 14, 2006

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 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 they 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)			
Campbell, Kusterer & Co., P.C.			
Street Address	**City**	**State**	**Zip**
512 N. Lincoln, Suite 100, P.O. Box 686	Bay City	MI	48707
Accountant Signature			
Campbell, Kusterer & CO., P.C.			

TOWNSHIP OF GREENDALE
Midland County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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September 14, 2006

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Township of Greendale
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Greendale, Midland County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Greendale's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Greendale, Midland County, Michigan as of March 31, 2006, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Campbell, Kusterer & Co., P.C.

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

TOWNSHIP OF GREENDALE
Midland County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

The Management's Discussion and Analysis report of the Township of Greendale covers the Township's financial performance during the year ended March 31, 2006.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Overall total capital assets remained approximately the same.

Overall revenues were $374,229.01 from governmental activities with a $618.16 decrease in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

ENTITY-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (cont.)

The Township has the following types of funds:

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

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's cash position remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The Township's General Fund pays for most of the Township's governmental services with total expenditures of $306,810.68.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested $0 in capital assets.

The Township's governmental activities paid $0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township at 480 S. Magrudder Road, Shepherd, Michigan 48883.

TOWNSHIP OF GREENDALE
Midland County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2006

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	294 434 63
Taxes receivable	23 498 94
Total Current Assets	317 933 57
NON-CURRENT ASSETS:	
Capital Assets	63 923 83
Less: Accumulated Depreciation	(38 249 91)
Total Non-current Assets	25 673 92
TOTAL ASSETS	343 607 49
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	7 699 95
Total Current Liabilities	7 699 95
NON-CURRENT LIABILITIES	-
Total Non-current Liabilities	-
Total Liabilities	7 699 95
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	25 673 92
Unrestricted	310 233 62
Total Net Assets	335 907 54
TOTAL LIABILITIES AND NET ASSETS	343 607 49

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

TOWNSHIP OF GREENDALE
Midland County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

		Program Revenue		Governmental Activities
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants - Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:				
Legislative	4 898 11	-	-	(4 898 11)
General government	81 194 31	2 835 00	-	(78 359 31)
Public safety	142 285 35	25 348 61	79 825 00	(37 111 74)
Public works	141 752 40	87 348 00	-	(54 404 40)
Culture and recreation	4 717 00	-	-	(4 717 00)
Total Governmental Activities	374 847 17	115 531 61	79 825 00	(179 490 56)
General Revenues:				
Property taxes				37 014 16
Other taxes				2 976 46
State revenue sharing				126 395 97
Interest				9 147 16
Miscellaneous				3 338 65
Total General Revenues				178 872 40
Change in net assets				(618 16)
Net assets, beginning of year				336 525 70
Net Assets, End of Year				335 907 54

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

TOWNSHIP OF GREENDALE
Midland County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2006

	General	Solid Waste	Total
Assets			
Cash in bank	230 033 91	64 286 71	294 320 62
Taxes receivable	5 797 67	17 701 27	23 498 94
Due from other funds	114 01	-	114 01
Total Assets	235 945 59	81 987 98	317 933 57
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	-	7 699 95	7 699 95
Total liabilities	-	7 699 95	7 699 95
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	235 945 59	74 288 03	310 233 62
Total fund equity	235 945 59	74 288 03	310 233 62
Total Liabilities and Fund Equity	235 945 59	81 987 98	317 933 57

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

TOWNSHIP OF GREENDALE
Midland County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2006

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	310 233 62
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	63 923 83
Accumulated depreciation	(38 249 91)
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	335 907 54

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

TOWNSHIP OF GREENDALE
Midland County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year ended March 31, 2006

	General	Solid Waste	Total
Revenues:			
Property taxes	37 014 16	-	37 014 16
Other taxes	2 976 46	-	2 976 46
Licenses and permits	12 977 00	-	12 977 00
State revenue sharing	126 395 97	-	126 395 97
State grants	79 825 00	-	79 825 00
Charges for services – PTAF	2 835 00	-	2 835 00
Charges for services – other	12 371 61	-	12 371 61
Interest	9 051 96	95 20	9 147 16
Special assessments	-	87 348 00	87 348 00
Miscellaneous	3 338 65	-	3 338 65
Total revenues	286 785 81	87 443 20	374 229 01
Expenditures:			
Legislative:			
Township Board	4 898 11	-	4 898 11
General government:			
Supervisor	20 304 72	-	20 304 72
Elections	102 20	-	102 20
Clerk	9 374 27	-	9 374 27
Board of Review	1 331 10	-	1 331 10
Treasurer	12 029 35	-	12 029 35
Building and grounds	4 611 85	-	4 611 85
Cemetery	11 551 92	-	11 551 92
Unallocated	21 003 47	-	21 003 47
Public safety:			
Fire protection	49 230 00	-	49 230 00
Juvenile justice	79 825 00	-	79 825 00
Planning and zoning	3 692 06	-	3 692 06
Inspection	9 538 29	-	9 538 29
Public works:			
Highways and streets	61 919 72	-	61 919 72
Street lighting	1 029 00	-	1 029 00
Sanitation	-	67 151 06	67 151 06
Drains	6 367 62	-	6 367 62
Water	5 285 00	-	5 285 00
Culture and recreation:			
Library	4 717 00	-	4 717 00
Total expenditures	306 810 68	67 151 06	373 961 74
Excess (deficiency) of revenues over expenditures	(20 024 87)	20 292 14	267 27
Fund balances, April 1	255 970 46	53 995 89	309 966 35
Fund Balances, March 31	235 945 59	74 288 03	310 233 62

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

TOWNSHIP OF GREENDALE
Midland County, Michigan

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

Year ended March 31, 2006

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	267 27
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation Expense	(885 43)
Capital Outlay	-
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	(618 16)

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

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

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

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

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

Assets, Liabilities and Net Assets or Equity

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

Receivables

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

Inventories

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

Property Taxes

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

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2005 tax roll millage rate was 1.1761 mills, and the taxable value was $31,494,810.00.

Encumbrances

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than $1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	50-100 years
Equipment	8-10 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

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

Fund Equity

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

Note 2 – Budgets and Budgetary Accounting

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

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.

2. The proposed budgets include expenditures as well as the methods of financing them.

3. Public hearings are held to obtain taxpayer comments.

4. The budgets are adopted at the activity level by a majority vote of the Township Board.

5. The budgets are adopted on the modified accrual basis of accounting.

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.

7. The adopted budgets are used as a management control device during the year for all budgetary funds.

Note 2 – Budgets and Budgetary Accounting (continued)

8. Budget appropriations lapse at the end of each fiscal year.

9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

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

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

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

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

	Carrying Amounts
Total Deposits	294 434 63

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

	Bank Balances
Insured (FDIC)	223 574 98
Uninsured and Uncollateralized	71 658 08
Total Deposits	295 233 06

The Township of Greendale did not have any investments as of March 31, 2006.

Note 4 – Capital Assets

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

	Balance 4/1/05	Additions	Deletions	Balance 3/31/06
Governmental Activities:				
Land	19 727 00	-	-	19 727 00
Buildings	39 481 96	-	-	39 481 96
Equipment	4 714 87	-	-	4 714 87
Total	63 923 83	-	-	63 923 83
Accumulated Depreciation	(37 364 48)	(885 43)	-	(38 249 91)
Net Capital Assets	26 559 35	(885 43)	-	25 673 92

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. The net pension expense for the fiscal year ended March 31, 2006, was $6,709.93.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

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

Note 8 – Building Permits

As of March 31, 2006, the Township had building permit revenues of $12,677.00 and building permit expenses of $9,538.29.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	114 01	Current Tax Collection	114 01

TOWNSHIP OF GREENDALE
Midland County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	32 841 03	34 500 00	37 014 16	2 514 16
Other taxes	-	2 976 46	2 976 46	-
Licenses and permits	9 720 92	12 920 00	12 977 00	57 00
State revenue sharing	122 976 46	125 000 00	126 395 97	1 395 97
State grants	45 000 00	80 000 00	79 825 00	(175 00)
Charges for services – PTAF	-	-	2 835 00	2 835 00
Charges for services – other	8 330 00	12 900 00	12 371 61	(528 39)
Interest	1 500 00	3 500 00	9 051 96	5 551 96
Miscellaneous	6 150 00	6 015 00	3 338 65	(2 676 35)
Total revenues	226 518 41	277 811 46	286 785 81	8 974 35
Expenditures:				
Legislative:				
Township Board	5 300 00	5 200 00	4 898 11	(301 89)
General government:				
Supervisor	31 192 00	31 232 00	20 304 72	(10 927 28)
Elections	-	102 20	102 20	-
Clerk	8 830 00	9 430 00	9 374 27	(55 73)
Board of Review	1 560 00	1 560 00	1 331 10	(228 90)
Treasurer	13 220 00	12 220 00	12 029 35	(190 65)
Building and grounds	3 220 00	4 886 00	4 611 85	(274 15)
Cemetery	10 155 00	12 780 00	11 551 92	(1 228 08)
Unallocated	17 575 00	21 675 00	21 003 47	(671 53)
Public safety:				
Fire protection	45 000 00	49 488 00	49 230 00	(258 00)
Juvenile justice	45 000 00	80 000 00	79 825 00	(175 00)
Planning and zoning	3 690 00	4 030 00	3 692 06	(337 94)
Inspection	9 720 92	9 720 92	9 538 29	(182 63)
Public works:				
Highways and streets	46 000 00	62 000 00	61 919 72	(80 28)
Street lighting	1 080 00	1 080 00	1 029 00	(51 00)
Drains	6 367 62	6 367 62	6 367 62	-
Water	-	5 300 00	5 285 00	(15 00)
Culture and recreation:				
Library	4 717 00	4 717 00	4 717 00	-
Total expenditures	252 627 54	321 788 74	306 810 68	(14 978 06)
Excess (deficiency) of revenues over expenditures	(26 109 13)	(43 977 28)	(20 024 87)	23 952 41
Fund balance, April 1	26 109 13	47 176 36	255 970 46	208 794 10
Fund Balance, March 31	-	3 199 08	235 945 59	232 746 51

TOWNSHIP OF GREENDALE
Midland County, Michigan

BUDGETARY COMPARISON SCHEDULE --SOLID WASTE FUND
Year ended March 31, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Interest	100 00	100 00	95 20	(4 80)
Special assessments	82 800 00	70 000 00	87 348 00	17 348 00
Total revenues	82 900 00	70 100 00	87 443 20	17 343 20
Expenditures:				
Public works:				
Sanitation	70 000 00	67 500 00	67 151 06	(348 94)
Total expenditures	70 000 00	67 500 00	67 151 06	(348 94)
Excess (deficiency) of revenues over expenditures	12 900 00	2 600 00	20 292 14	17 692 14
Fund balance, April 1	18 865 34	18 865 34	53 995 89	35 130 55
Fund Balance, March 31	31 765 34	21 465 34	74 288 03	52 822 69

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2006

Township Board:	
Wages	3 300 00
Mileage and expenses	1 598 11
	4 898 11
Supervisor:	
Salary and wages	17 113 00
Deputy	500 00
Supplies	1 547 07
Mileage and expense	1 144 65
	20 304 72
Elections:	
Wages	80 00
Miscellaneous	22 20
	102 20
Clerk:	
Salary and wages	6 720 00
Deputy	500 00
Supplies	845 00
Mileage and expenses	1 309 27
	9 374 27
Board of Review:	
Wages	1 200 00
Miscellaneous	131 10
	1 331 10
Treasurer:	
Salary and wages	6 720 00
Deputy	500 00
Supplies	3 051 08
Mileage and expenses	1 758 27
	12 029 35
Building and grounds:	
Wages	765 00
Supplies	2 615 24
Utilities	483 00
Maintenance	709 50
Telephone	39 11
	4 611 85
Cemetery:	
Wages	9 010 00
Supplies	250 53
Utilities	251 00
Repairs and maintenance	1 838 00
Mileage and expenses	202 39
	11 551 92

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2006

Unallocated:	
Payroll taxes	924 07
Legal	3 470 72
Audit	1 500 00
Dues	880 02
Insurance	5 788 68
Pension	5 898 31
Miscellaneous	41 67
West Midland Family Center	2 500 00
	21 003 47
Fire protection	49 230 00
Juvenile justice:	
Contracted services	79 825 00
Planning and zoning:	
Wages	2 970 00
Supplies	445 14
Miscellaneous	276 92
	3 692 06
Inspection:	
Wages	6 950 00
Payroll taxes	100 43
Pension	811 62
Supplies	622 80
Miscellaneous	1 053 44
	9 538 29
Highways and streets	61 919 72
Street lighting	1 029 00
Drains	6 367 62
Water	5 285 00
Library	4 717 00
Total Expenditures	306 810 68

TOWNSHIP OF GREENDALE
Midland County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2006

	Balance 4/1/05	Additions	Deductions	Balance 3/31/06
Assets				
Cash in Bank	54 10	910 357 27	910 297 36	114 01
Liabilities				
Due to other funds	52 06	103 814 39	103 752 44	114 01
Due to others	2 04	806 542 88	806 544 92	-
Total Liabilities	54 10	910 357 27	910 297 36	114 01

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

September 14, 2006

To the Township Board
Township of Greendale
Midland County, Michigan

We have audited the financial statements of the Township of Greendale for the year ended March 31, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

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

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

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

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

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

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

To the Township Board
Township of Greendale
Midland County, Michigan

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

SIGNIFICANT ACCOUNTING POLICIES

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

OTHER COMMUNICATIONS

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

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

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

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

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2006.

SUMMARY

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

Sincerely,

Campbell, Kusterer & CO., P.C.

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