

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Fruitland	County Muskegon
Fiscal Year End March 31, 2007	Opinion Date August 16, 2007	Date Audit Report Submitted to State September 11, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

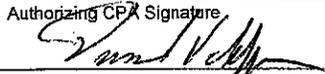
YES NO Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input type="checkbox"/>	Not considered necessary
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 communication

Certified Public Accountant (Firm Name) Siegfried Crandall P.C.		Telephone Number (269) 381-4970	
Street Address 246 E Kilgore		City Kalamazoo	State MI
			Zip 49002
Authorizing CPA Signature 		Printed Name Daniel L. Veldhuizen	License Number 1101020724

Township of Fruitland
Muskegon County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2007

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Fruitland, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Fruitland, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Fruitland, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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, each major fund, and the aggregate remaining fund information of the Township of Fruitland, Michigan, as of March 31, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 17 through 19, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

The Township of Fruitland, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

August 16, 2007

BASIC FINANCIAL STATEMENTS

Township of Fruitland
STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,119,531
Receivables	<u>87,456</u>
Total current assets	<u>1,206,987</u>
Noncurrent assets:	
Receivables	27,218
Capital assets not being depreciated - land	425,484
Capital assets, net of accumulated depreciation	<u>739,838</u>
Total noncurrent assets	<u>1,192,540</u>
Total assets	<u>2,399,527</u>
LIABILITIES	
Current liabilities - payables	<u>17,088</u>
NET ASSETS	
Invested in capital assets	1,165,322
Unrestricted	<u>1,217,117</u>
Total net assets	<u>\$ 2,382,439</u>

See notes to financial statements

Township of Fruitland
STATEMENT OF ACTIVITIES
Year ended March 31, 2007

	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (expenses) revenues and changes in net assets</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>		<u>Capital grants and contributions</u>
Functions/Programs					
Governmental activities:					
Legislative	\$ 22,023	\$ -	\$ -	\$ -	\$ (22,023)
General government	477,891	107,612	-	20,376	(349,903)
Public safety	235,362	125,903	3,019	-	(106,440)
Public works	94,658	55,253	7,684	16,584	(15,137)
Community and economic development	24,288	16,900	-	-	(7,388)
Culture and recreation	<u>64,869</u>	<u>20,966</u>	<u>5,409</u>	<u>-</u>	<u>(38,494)</u>
Total governmental activities	<u>\$919,091</u>	<u>\$ 326,634</u>	<u>\$ 16,112</u>	<u>\$ 36,960</u>	<u>(539,385)</u>
General revenues:					
Property taxes					206,193
State shared revenue					356,129
Franchise fees					17,378
Unrestricted interest income					<u>67,770</u>
Total general revenues					<u>647,470</u>
Change in net assets					108,085
Net assets - beginning					<u>2,274,354</u>
Net assets - ending					<u>\$ 2,382,439</u>

See notes to financial statements

Township of Fruitland
BALANCE SHEET - governmental funds
 March 31, 2007

	<u>Major funds</u>		<u>Total governmental funds</u>
	<u>General</u>	<u>Building and Site</u>	
ASSETS			
Cash	\$ 1,057,041	\$ 62,490	\$ 1,119,531
Receivables	114,674	-	114,674
Total assets	<u>\$ 1,171,715</u>	<u>\$ 62,490</u>	<u>\$ 1,234,205</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 17,088	\$ -	\$ 17,088
Deferred revenue	33,218	-	33,218
Total liabilities	<u>50,306</u>	<u>-</u>	<u>50,306</u>
Fund balances:			
Unreserved:			
Designated for:			
Road construction and maintenance	526,013	-	526,013
Public works - utilities	74,000	-	74,000
Right of way	18,674	-	18,674
Recreation - Blueberry Festival	12,436	-	12,436
Undesignated	490,286	62,490	552,776
Total fund balances	<u>1,121,409</u>	<u>62,490</u>	<u>1,183,899</u>
Total liabilities and fund balances	<u>\$ 1,171,715</u>	<u>\$ 62,490</u>	<u>\$ 1,234,205</u>

Total fund balances - all governmental funds \$ 1,183,899

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

1,165,322

Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.

33,218

Net assets of *governmental activities*

\$ 2,382,439

See notes to financial statements

Township of Fruitland

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2007

	Major funds		Total governmental funds
	General	Building and Site	
REVENUES			
Property taxes	\$ 293,603	\$ -	\$ 293,603
Licenses and permits	141,516	-	141,516
State grants	383,356	-	383,356
Charges for services	100,053	-	100,053
Interest and rentals	76,064	1,816	77,880
Other:			
Special assessment	8,872	-	8,872
Miscellaneous	8,373	-	8,373
	<u>1,011,837</u>	<u>1,816</u>	<u>1,013,653</u>
Total revenues			
EXPENDITURES			
Legislative	22,023	-	22,023
General government	458,456	-	458,456
Public safety	230,910	-	230,910
Public works	79,222	-	79,222
Community and economic development	24,288	-	24,288
Culture and recreation	62,755	-	62,755
Capital outlay	14,678	35	14,713
	<u>892,332</u>	<u>35</u>	<u>892,367</u>
Total expenditures			
NET CHANGE IN FUND BALANCES	119,505	1,781	121,286
FUND BALANCES - BEGINNING	<u>1,001,904</u>	<u>60,709</u>	<u>1,062,613</u>
FUND BALANCES - ENDING	<u>\$ 1,121,409</u>	<u>\$ 62,490</u>	<u>\$ 1,183,899</u>

See notes to financial statements

Township of Fruitland
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds (Continued)
Year ended March 31, 2007

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds	\$ 121,286
<p>Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	
Add: capital outlay	31,449
Deduct: depreciation provision	(37,797)
Decrease in deferred revenue.	<u>(6,853)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 108,085</u>

See notes to financial statements

Township of Fruitland
STATEMENT OF FIDUCIARY NET ASSETS - agency funds
March 31, 2007

ASSETS

Cash \$ 16,502

LIABILITIES

Payables \$ 16,502

See notes to financial statements

Township of Fruitland
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Fruitland, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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 and other items not properly included among program revenues are reported instead as general revenues.

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

c) Measurement focus, basis of accounting, and financial statement presentation:

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

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

Township of Fruitland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current year is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Building and Site Fund is used to account for revenues designated by the Township for future capital projects.

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 (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

The Township reports two fiduciary funds, a Tax Collection Fund and an Escrow Fund, which account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

Township of Fruitland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

iv) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets other than infrastructure 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

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

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Vehicles	3 - 5 years
Shared road costs	10 - 20 years

v) *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.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

Township of Fruitland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. There were no significant budget variances during the year.

NOTE 3 - CASH:

The Township's cash, as presented in the financial statements at year end, is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash on hand	\$ 200	\$ -	\$ 200
Deposits	<u>1,119,331</u>	<u>16,502</u>	<u>1,135,833</u>
Totals	<u>\$ 1,119,531</u>	<u>\$ 16,502</u>	<u>\$ 1,136,033</u>

Deposits with financial institutions:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2007, \$762,149 of the Township's bank balances of \$1,275,537 was exposed to custodial credit risk because it was uninsured.

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

Township of Fruitland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter-governmental</u>	<u>Totals</u>
General	\$ 6,110	\$ 15,631	\$ 33,218	\$ 59,715	\$ 114,674
Noncurrent portion	\$ -	\$ -	\$ 27,218	\$ -	\$ 27,218

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS:

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 425,484	\$ -	\$ -	\$ 425,484
Capital assets being depreciated:				
Buildings and improvements	663,759	-	-	663,759
Equipment and vehicles	292,709	31,449	-	324,158
Intangible assets - shared road costs	164,279	-	-	164,279
Subtotal	1,120,747	31,449	-	1,152,196
Less accumulated depreciation for:				
Buildings	(172,200)	(10,326)	-	(182,526)
Equipment and vehicles	(191,743)	(16,519)	-	(208,262)
Intangible assets - shared road costs	(10,618)	(10,952)	-	(21,570)
Subtotal	(374,561)	(37,797)	-	(412,358)
Net capital assets being depreciated	746,186	(6,348)	-	739,838
Governmental activities capital assets, net	\$ 1,171,670	\$ (6,348)	\$ -	\$ 1,165,322

Township of Fruitland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 18,616
Public safety	1,631
Public works	15,436
Culture and recreation	<u>2,114</u>
 Total governmental activities	 <u>\$ 37,797</u>

NOTE 6 - PAYABLES:

Payables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	<u>\$ 12,247</u>	<u>\$ 4,841</u>	<u>\$ 17,088</u>

NOTE 7 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2007, is as follows:

Revenues	\$120,003
Expenses	<u>(162,736)</u>
 Deficiency of revenues over expenses	 <u>\$ (42,733)</u>

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 15% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$44,346 for the year ended March 31, 2007.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

Township of Fruitland
NOTES TO FINANCIAL STATEMENTS (Continued)

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). The Township has purchased commercial insurance for each of these claims and is neither self insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS:

White Lake Ambulance Authority:

The Township, in conjunction with seven other governmental entities, created the White Lake Ambulance Authority. The Authority was formed to jointly provide emergency medical services within the combined service area, which encompasses the participating municipalities. The administrative board of the Authority is comprised of one representative from each participating municipality. No participant has any obligation, entitlement, or residual interest. During the year ended March 31, 2007, the Township made no contributions to the Authority.

White Lake Fire Authority:

The Township, in conjunction with three other governmental entities, created the White Lake Fire Authority. The Authority was formed to jointly provide fire protection and rescue services within the combined service area, which encompasses the participating municipalities. The administrative board of the Authority is comprised of one representative from each participating municipality. No participant has any obligation, entitlement, or residual interest. During the year ended March 31, 2007, the Township made no contributions to the Authority.

NOTE 11 - CONTINGENT LIABILITY:

Muskegon County issued \$7,900,000 of general obligation water system supply bonds during the fiscal year to finance capital improvements within the Township. The owners of improved properties will be paying the debt service costs related to the bond issuance; however, the Township has pledged its full faith and credit for \$1,896,000, or 24 percent of the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Fruitland
BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 286,315	\$ 286,348	\$ 293,603	\$ 7,255
Licenses and permits	150,300	150,638	141,516	(9,122)
State grants	365,549	377,494	383,356	5,862
Charges for services	84,450	93,721	100,053	6,332
Interest and rentals	45,200	45,200	76,064	30,864
Other:				
Special assessment	8,585	8,838	8,872	34
Miscellaneous	-	-	8,373	8,373
	<u>940,399</u>	<u>962,239</u>	<u>1,011,837</u>	<u>49,598</u>
Total revenues				
EXPENDITURES				
Legislative	<u>24,055</u>	<u>24,055</u>	<u>22,023</u>	<u>2,032</u>
General government:				
Supervisor	46,065	46,065	43,294	2,771
Election	16,600	16,600	12,409	4,191
Assessor	48,000	48,000	50,463	(2,463)
Clerk	51,217	51,217	51,888	(671)
Board of Review	1,710	1,710	1,061	649
Treasurer	52,621	52,621	51,042	1,579
Hall and grounds	38,915	39,439	29,741	9,698
Township property	41,717	47,978	51,503	(3,525)
Cemetery	11,446	12,946	9,695	3,251
Professional services	75,000	75,000	62,242	12,758
Other	109,921	112,174	95,118	17,056
	<u>493,212</u>	<u>503,750</u>	<u>458,456</u>	<u>45,294</u>
Total general government				
Public safety:				
Police protection	42,463	42,463	42,074	389
Building inspections	200,141	200,141	188,836	11,305
	<u>242,604</u>	<u>242,604</u>	<u>230,910</u>	<u>11,694</u>
Total public safety				

Township of Fruitland
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Public works:				
Road construction and maintenance	\$ 16,500	\$ 16,500	\$ 8,523	\$ 7,977
Street lighting	13,000	13,000	14,172	(1,172)
Lake maintenance	4,500	4,500	4,469	31
Sanitation	<u>50,035</u>	<u>50,685</u>	<u>52,058</u>	<u>(1,373)</u>
Total public works	<u>84,035</u>	<u>84,685</u>	<u>79,222</u>	<u>5,463</u>
Community and economic development - planning and zoning	<u>25,240</u>	<u>26,720</u>	<u>24,288</u>	<u>2,432</u>
Culture and recreation:				
Museum	45,908	45,908	40,333	5,575
Blueberry Festival	9,000	9,000	7,091	1,909
Parks	<u>22,410</u>	<u>26,510</u>	<u>15,331</u>	<u>11,179</u>
Total culture and recreation	<u>77,318</u>	<u>81,418</u>	<u>62,755</u>	<u>18,663</u>
Capital outlay	<u>422,500</u>	<u>394,500</u>	<u>14,678</u>	<u>379,822</u>
Total expenditures	<u>1,368,964</u>	<u>1,357,732</u>	<u>892,332</u>	<u>465,400</u>
NET CHANGE IN FUND BALANCES	(428,565)	(395,493)	119,505	514,998
FUND BALANCES - BEGINNING	<u>1,001,904</u>	<u>1,001,904</u>	<u>1,001,904</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 573,339</u>	<u>\$ 606,411</u>	<u>\$ 1,121,409</u>	<u>\$ 514,998</u>

Township of Fruitland
BUDGETARY COMPARISON SCHEDULE - Building and Site Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ 1,810	\$ 1,810	\$ 1,816	\$ 6
EXPENDITURES				
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>35</u>	<u>29,965</u>
NET CHANGE IN FUND BALANCES	(28,190)	(28,190)	1,781	(29,959)
FUND BALANCES - BEGINNING	<u>60,709</u>	<u>60,709</u>	<u>60,709</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 32,519</u>	<u>\$ 32,519</u>	<u>\$ 62,490</u>	<u>\$ (29,959)</u>

**Members of the Township Board
Township of Fruitland, Michigan**

In planning and performing our audit of the financial statements of the Township of Fruitland as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Fruitland's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

- The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of management, the Board of Trustees of the Township of Fruitland, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.

August 16, 2007