

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 type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

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 type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Romeo, Washington, Bruce Parks and Recreation Commission

**Financial Report with
Supplemental Information
March 31, 2007**

Romeo, Washington, Bruce Parks and Recreation Commission

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Independent Auditor's Report

To the Members of the Commission
Romeo, Washington, Bruce Parks
and Recreation Commission

We have audited the accompanying basic financial statements of Romeo, Washington, Bruce Parks and Recreation Commission as of March 31, 2007 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of Romeo, Washington, Bruce Parks and Recreation Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Romeo, Washington, Bruce Parks and Recreation Commission as of March 31, 2007 and the changes in its financial position 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 schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

August 24, 2007

Romeo, Washington, Bruce Parks and Recreation Commission

Management's Discussion and Analysis

Our discussion and analysis of Romeo, Washington, Bruce Parks and Recreation Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Commission's financial statements.

The Commission's financial statements are presented on both the modified accrual basis and the government-wide basis, in accordance with Governmental Accounting Standards Board Statement No. 34. The modified accrual basis presents a short-term view: it tells us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. The government-wide statements present a longer-term view of the Commission'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 the Commission's services.

To remain consistent with the Governmental Accounting Standards Board Statement No. 34, the management's discussion and analysis report includes comparative data from the prior year within the financial sections below.

Romeo, Washington, Bruce Parks and Recreation Commission as a Whole

The following table shows, in condensed format, the net assets as of March 31, 2007 and 2006 and statement of activities for the years ended March 31, 2007 and 2006 (amounts in thousands):

	2007	2006
Assets		
Current assets	\$ 1,188	\$ 1,057
Noncurrent assets	1,108	850
Total assets	2,296	1,907
Current Liabilities	279	98
Net Assets		
Invested in capital assets	1,108	850
Unrestricted	909	959
Total net assets	<u>\$ 2,017</u>	<u>\$ 1,809</u>
Revenue		
Property taxes	\$ 1,096	1,141
Program fees	761	701
Other	253	55
Total revenue	2,110	1,897
Expenses	1,902	1,765
Change in Net Assets	<u>\$ 208</u>	<u>\$ 132</u>

Romeo, Washington, Bruce Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

The Commission's current year change in net assets increased from the prior year by \$76,000, approximately 58 percent. This increase is due in large part to additional programs provided by the Commission, increased interest revenue, and increased CDBG grant revenue.

Overall program revenue increased, but not as much as expenditures increased, causing an overall net decrease for programs. The increase in expenditures is due to contractual service increases, the increase in the minimum wage, and the additional development and operating of Gilcher and Bruce Parks. The Commission also experienced a marked increase in expenses for the use of Romeo Community School District facilities.

Nonprogram revenue increased due to the Community Development Block Grant (CDBG) funds awarded to the Commission to build an addition to the Commission's building. Interest revenue increased due to a higher balance in the sweep investment account, and the municipal contributions (tax collections) increased approximately 6 percent due to the steady increase in community population.

As discussed above, the main increase in revenue related to the additional interest, program, and grant revenue. Overall, expenses increased in comparison to prior year due to an increase in capital development, higher program costs, and facility maintenance and improvement.

General Fund Budgetary Highlights

Over the course of the year, the budget was exceeded by 2 percent, which resulted from unanticipated, necessary expenditures. Budget amendments for these added expenses were approved by the Commission. Overall, the General Fund's fund balance is approximately \$774,000 as of March 31, 2007.

Economic Factors and Next year's Budgets and Rates

The Commission's budget for next year will be influenced by several factors. The first factor is the second part of the new federal increase in minimum wage, which affects the majority of the Commission's employees. Second, there will be additional maintenance costs due to the addition of the fitness center and equipment. Third, a healthcare plan for retirees is being considered which, if approved, will increase administrative expenses. Fourth, CDBG funding for the CHORE program has been decreasing over the past few years. To offset this decrease in funding, the Commission has implemented fund-raising programs and a pay-for-service plan scaled to income levels of service recipients. Fifth, insurance rates for liability, vehicle, and workers' compensation insurance continue to increase. Finally, the expected increase in facility usage will result in the need for capital improvements and additional maintenance expenses. The Commission will strive to maintain a budget that works for all concerned and will concentrate efforts on meeting the budget.

Romeo, Washington, Bruce Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

Contacting the Commission's Management

This financial report is intended to provide our citizens, customers, and investors with a general overview of Romeo, Washington, Bruce Parks and Recreation Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Romeo, Washington, Bruce Parks and Recreation Commission office.

Romeo, Washington, Bruce Parks and Recreation Commission

Governmental Fund Balance Sheet - Statement of Net Assets March 31, 2007

	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash and cash equivalents (Note 3)	\$ 783,650	\$ -	\$ 783,650
Due from other governmental units	388,831	-	388,831
Prepaid expenses	15,746	-	15,746
Capital assets - Net (Note 4)	-	1,107,869	1,107,869
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,188,227</u>	1,107,869	2,296,096
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 74,568	-	74,568
Accrued liabilities	129,368	-	129,368
Due to other governmental units	7,524	-	7,524
Deferred revenue	202,908	(175,651)	27,257
Compensated absences (Note 1)	-	40,603	40,603
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	414,368	(135,048)	279,320
Fund Balance - Unreserved and undesignated	<u>773,859</u>	<u>(773,859)</u>	
Total liabilities and fund balance	<u>\$ 1,188,227</u>		
Net Assets			
Invested in capital assets		1,107,869	1,107,869
Unrestricted		908,907	908,907
		<u> </u>	<u> </u>
Total net assets		<u>\$ 2,016,776</u>	<u>\$ 2,016,776</u>

Romeo, Washington, Bruce Parks and Recreation Commission

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance - Statement of Activities Year Ended March 31, 2007

	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
Property taxes	\$ 1,096,317	\$ -	\$ 1,096,317
Program fees	760,603	-	760,603
Federal sources	51,240	169,203	220,443
Interest	23,827	-	23,827
Other	9,423	-	9,423
Total revenue	1,941,410	169,203	2,110,613
Expenditures			
Administrative salaries	268,547	-	268,547
Administrative benefits	136,851	-	136,851
General and administrative	129,146	(1,216)	127,930
Community improvement and development	560,867	(134,122)	426,745
Program	843,400	-	843,400
Federal	222,969	(200,536)	22,433
Depreciation	-	76,528	76,528
Total expenditures	2,161,780	(259,346)	1,902,434
Change in Fund Balance/Net Assets	(220,370)	428,549	208,179
Fund Balance/Net Assets			
Beginning of year	994,229	814,368	1,808,597
End of year	<u>\$ 773,859</u>	<u>\$ 1,242,917</u>	<u>\$ 2,016,776</u>

Romeo, Washington, Bruce Parks and Recreation Commission

**Notes to Financial Statements
March 31, 2007**

Note I - Summary of Significant Accounting Policies

The accounting policies of Romeo, Washington, Bruce Parks and Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Commission.

Reporting Entity

The Commission was organized by Washington and Bruce Townships by a joint resolution and the Articles of Incorporation being adopted in 1971 and subsequently amended March 26, 1986. The Commission was organized to promote, plan, coordinate, and operate a system of indoor and outdoor public recreation programs and facilities for all residents of those areas encompassed by the boundaries of the townships of Bruce and Washington and the Romeo School District. The Commission is governed by a two-member board with one representative from each township and one alternate member from each township. The Commission is not considered to be a component unit of the townships of Bruce and Washington or the Romeo School District.

The accompanying basic financial statements have been prepared in accordance with criteria established by the Government Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on these criteria, there are no component units of the Commission that are to be included in the reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Commission's basic financial statements include both the Commission's full accrual financial statements and modified accrual financial statements.

Full Accrual Financial Statements

The full accrual financial statements (i.e., the statement of net assets and the statement of activities) 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. Grants, charges for services, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statement of net assets includes and recognizes all long-term assets and liabilities.

Romeo, Washington, Bruce Parks and Recreation Commission

**Notes to Financial Statements
March 31, 2007**

Note 1 - Summary of Significant Accounting Policies (Continued)

Modified Accrual Financial Statements

The modified accrual 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 Commission 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 related to compensated absences are recorded only when payment is due.

Interest earned on cash deposits is recorded on the accrual basis.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Commission has elected not to follow private sector standards issued after November 30, 1989 for its full accrual presentation.

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Capital Assets - Capital assets, which include building and building improvements, land improvements, machinery, equipment and vehicles, and office equipment, are reported in the statement of net assets. Capital assets are defined by the Commission 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.

Romeo, Washington, Bruce Parks and Recreation Commission

**Notes to Financial Statements
March 31, 2007**

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Building and building improvements	5 to 25 years
Land improvements	3 to 30 years
Machinery, equipment, and vehicles	5 to 30 years
Office equipment	2 to 15 years

Compensated Absences - It is the Commission's policy to permit full-time employees to accumulate earned but unused sick and vacation pay benefits. All compensated absence pay is accrued when incurred in the full accrual financial statements. A liability for these amounts is reported in the modified accrual financial statements only for employee terminations as of year end.

Deferred Revenue - Modified accrual basis financial statements report deferred revenue in connection with revenue that is unavailable for modified accrual purposes. Both the modified and full accrual statements report deferred revenue in connection with revenue that has not been earned since it relates to advance collection of program fees for programs that will be provided subsequent to the end of the current fiscal year.

Property Taxes - 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 Commission receives property taxes levied by the member townships Washington and Bruce. The 2006 taxable value of all the property subject to the Commission's millage is \$1,178 million and \$497 million for Washington Township and Bruce Township, respectively, on which taxes levied consisted of total mills of .6703 and .7389 for each township, respectively, of which all were for operating purposes. This resulted in approximately \$1,190,000 for operations. This amount is recognized as tax revenue.

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 assumption 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.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2007

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balances and the net change in fund balances of the Commission's modified accrual reporting differs from net assets and changes in net assets of the full accrual reporting in the statements of net assets and activities. This difference results primarily from the long-term economic focus of full accrual reporting versus the economic focus of modified accrual reporting. The following are reconciliations of fund balance (modified accrual basis) to net assets (full accrual basis) and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 773,859
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	1,107,869
Certain receivables were earned during the current fiscal year but are not available to pay for current year expenditures	175,651
Long-term liabilities are not due and payable in the current period and are not reported in the fund	<u>(40,603)</u>
Total Net Assets - Full Accrual Basis	<u>\$ 2,016,776</u>
Net Change in Fund Balances - Modified Accrual Basis	\$ (220,370)
Amounts reported in the statement of activities are different because:	
Governmental funds reported capital outlay as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	334,658
Depreciation is recorded as an expense in the statement of activities but not in the governmental funds	(76,528)
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	169,203
The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	<u>1,216</u>
Change in Net Assets of Governmental Activities - Full Accrual Basis	<u>\$ 208,179</u>

Romeo, Washington, Bruce Parks and Recreation Commission

**Notes to Financial Statements
March 31, 2007**

Note 3 - Deposits

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 Commission has designated one bank 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 and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Commission's deposits and investment policies are in accordance with statutory authority.

The Commission's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Commission had \$42,757 in bank deposits (certificates of deposit, checking and savings accounts) that were fully insured under FDIC.

Credit risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Sweep account	\$ 919,000	N/A	Unrated

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2007

Note 4 - Capital Assets

Capital asset activity of the Commission's governmental activities was as follows:

Governmental Activities	Balance -			Balance -
	April 1, 2006	Additions	Deletions	March 31, 2007
Capital assets not being depreciated -				
Construction in progress	\$ -	\$ 200,536	\$ -	\$ 200,536
Capital assets being depreciated:				
Building and building improvements	159,362	38,179	-	197,541
Land improvements	762,360	80,244	-	842,604
Machinery, equipment, and vehicles	74,642	14,610	-	89,252
Office equipment	88,658	1,089	-	89,747
Subtotal	1,085,022	134,122	-	1,219,144
Accumulated depreciation:				
Building and building improvements	36,512	12,419	-	48,931
Land improvements	97,939	44,967	-	142,906
Machinery, equipment, and vehicles	61,307	5,471	-	66,778
Office equipment	39,525	13,671	-	53,196
Subtotal	235,283	76,528	-	311,811
Net capital assets	<u>\$ 849,739</u>	<u>\$ 258,130</u>	<u>\$ -</u>	<u>\$ 1,107,869</u>

Note 5 - Budget Information

The annual budget is prepared by the Commission and adopted by Bruce and Washington Townships; subsequent amendments are approved by the boards of the above entities. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2007 has not been determined. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget is adopted on a line-item basis for nonprogram expenditures and on an activity level for program-based expenditures; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted is included in the required supplemental information. This comparison includes expenditure budget overruns. The additional detail in this statement is shown in greater detail than the budget that was adopted and is used to provide additional analysis for management use only.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2007

Note 5 - Budget Information (Continued)

Excess of Expenditures Over Appropriations - During the year, the Commission incurred expenditures that were in excess of the amounts budgeted as follows:

	Amended Budget	Actual
General Fund:		
Community improvement and development -		
Washington Senior Center	\$ 27,000	\$ 33,000
Program expenditures:		
Adult	31,700	42,519
Youth	94,000	119,441
Older adult travel	80,000	86,411
Older adult	83,600	106,848
Special events	122,200	143,291
Dance	89,000	106,818
Program operating	111,600	117,522

The unfavorable variances were caused by unanticipated expenditures that became necessary during the year.

Note 6 - Defined Contribution Pension Plan

The Commission provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by board resolution, the Commission contributes 15 percent of base salaries. In accordance with these requirements, the Commission contributed \$39,315 during the current year.

Note 7 - Risk Management

The Commission 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 Commission has purchased commercial insurance for medical claims and workers' compensation and participates in the Michigan Municipal League risk pool for claims relating to 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.

Romeo, Washington, Bruce Parks and Recreation Commission

**Notes to Financial Statements
March 31, 2007**

Note 7 - Risk Management (Continued)

The Michigan Municipal League 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.

Required Supplemental Information

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes:				
Washington Township	\$ 751,413	\$ 751,413	\$ 788,355	\$ 36,942
Bruce Township	366,300	366,300	307,962	(58,338)
Total property taxes	1,117,713	1,117,713	1,096,317	(21,396)
Program fees:				
Adult:				
Golf	14,000	14,000	13,895	(105)
Tennis	6,000	6,000	5,076	(924)
Disabled softball	600	600	1,242	642
Drop-in sports	3,700	3,700	2,100	(1,600)
Softball leagues	9,000	9,000	4,664	(4,336)
Walking fitness	1,000	1,000	271	(729)
Women's volleyball	6,500	6,500	9,643	3,143
Yoga	6,500	6,500	10,391	3,891
Flag football	900	900	-	(900)
Adult enrichment revenue	500	500	12,523	12,023
Total adult	48,700	48,700	59,805	11,105
Youth:				
Basketball league	30,000	30,000	34,304	4,304
Bonanza	23,000	23,000	15,753	(7,247)
TOT programs	5,200	5,200	6,952	1,752
TOT sports	8,000	8,000	8,986	986
Gymnastics	15,000	15,000	16,802	1,802
Indoor soccer	1,200	1,200	5,554	4,354
Floor hockey	600	600	172	(428)
T-ball	2,200	2,200	2,147	(53)
Tae Kwon Do	17,000	17,000	22,132	5,132
Flag football	7,000	7,000	5,092	(1,908)
Miscellaneous	5,000	5,000	7,397	2,397
Fencing	4,400	4,400	3,832	(568)
Bowling	3,600	3,600	3,158	(442)
Archery	4,200	4,200	2,572	(1,628)
Bulldog basketball camp	19,000	19,000	17,409	(1,591)
Cheerleading	3,000	3,000	891	(2,109)
Volleyball	1,000	1,000	475	(525)
Enrichment	-	-	6,298	6,298
Youth disabled	800	800	1,140	340
Total youth	150,200	150,200	161,066	10,866
Older adult travel	100,000	100,000	96,857	(3,143)

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue (Continued)				
Program fees (Continued):				
Older adult:				
Sports/Fitness	\$ 9,400	\$ 9,400	\$ 346	\$ (9,054)
Miscellaneous programs	5,500	5,500	2,272	(3,228)
Spotlight	6,000	6,000	5,452	(548)
Special events	10,200	10,200	7,159	(3,041)
Art classes	4,300	4,300	19,683	15,383
Quilting	5,500	5,500	161	(5,339)
Volunteer recognition	-	-	2,079	2,079
Nonchore/Donations	12,000	12,000	14,569	2,569
Dining out	1,800	1,800	1,350	(450)
Peach festival	5,500	5,500	5,212	(288)
Total older adult	60,200	60,200	58,283	(1,917)
Aerobics:				
Classes	35,200	35,000	39,270	4,270
Miscellaneous	-	-	81	81
Playroom	2,200	2,200	1,821	(379)
Total aerobics	37,400	37,200	41,172	3,972
Aquatics:				
Aquafits	2,200	2,200	2,111	(89)
Community swim	2,400	2,400	2,418	18
Fitness swim	2,000	2,000	1,600	(400)
Rentals	100	100	170	70
Senior swim	1,000	1,000	1,127	127
Swim lessons	61,350	61,350	50,305	(11,045)
Competitive swim	57,400	57,400	52,526	(4,874)
Miscellaneous	-	-	50	50
Total aquatics	126,450	126,450	110,307	(16,143)

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue (Continued)				
Program fees (Continued):				
Special events:				
Children's carnival	\$ 4,000	\$ 4,000	\$ 4,904	\$ 904
Friday fun	300	300	652	352
Summer concerts	5,500	5,500	550	(4,950)
Tickets	26,000	26,000	18,108	(7,892)
Trips	24,000	24,000	48,363	24,363
Miscellaneous	10,000	10,000	7,331	(2,669)
Birthday parties	4,000	4,000	1,334	(2,666)
Jumpin' Jupiter	3,000	3,000	2,745	(255)
Special parties	-	-	-	-
Seasonal events	7,400	7,400	7,791	391
Peach festival	4,500	4,500	4,077	(423)
Community center rentals	21,000	21,000	15,866	(5,134)
Washington senior center rentals	8,000	8,000	11,003	3,003
Total special events	117,700	117,700	122,724	5,024
Dance:				
Lessons	51,000	51,000	53,277	2,277
Miscellaneous	13,000	13,000	26,260	13,260
Costumes	19,000	19,000	18,920	(80)
Recitals	11,000	11,000	11,932	932
Total dance	94,000	94,000	110,389	16,389
Total program fees	734,650	734,450	760,603	26,153
Miscellaneous revenue	4,000	4,000	9,423	5,423
Interest	10,000	10,000	23,827	13,827
Federal sources:				
Chore	15,000	15,000	8,717	(6,283)
CDBG	200,000	-	42,523	42,523
Total federal sources	215,000	15,000	51,240	36,240
Total revenue	\$ 2,081,363	\$ 1,881,163	\$ 1,941,410	\$ 60,247

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures				
Administrative salaries:				
Director	\$ 40,811	\$ 40,811	\$ 40,810	\$ 1
Assistant director	34,083	34,083	34,083	-
Accountant	41,095	41,095	41,106	(11)
Older adult coordinator	38,077	38,077	38,076	1
Recreation coordinator	37,744	37,744	37,744	-
Office manager	70,281	70,281	72,434	(2,153)
Overtime	5,000	5,000	4,294	706
Total administrative salaries	267,091	267,091	268,547	(1,456)
Administrative benefits:				
Employers' FICA	26,000	26,000	26,075	(75)
Health insurance	59,000	59,000	61,716	(2,716)
Life insurance	2,000	2,000	906	1,094
Retirement	39,313	39,313	39,315	(2)
Longevity	2,900	2,900	-	2,900
MESC	1,600	1,600	1,923	(323)
Workers' compensation	5,200	5,200	4,333	867
Benefit compensation	10,000	10,000	-	10,000
Disability insurance	3,000	3,000	2,583	417
Total administrative benefits	149,013	149,013	136,851	12,162
General and administrative:				
Office supplies	17,300	17,300	14,480	2,820
Postage	700	700	1,090	(390)
Office equipment service	12,000	12,000	13,504	(1,504)
Audit	8,200	8,200	8,150	50
Mileage	1,500	1,500	1,896	(396)
Liability insurance	11,300	11,300	11,300	-
Telephone	14,000	14,000	15,542	(1,542)
Conferences	2,000	2,000	1,324	676
Software support	2,000	2,000	1,650	350
Advertising	3,000	3,000	3,261	(261)
Accounting assistant	67,459	67,459	55,470	11,989
Miscellaneous	2,500	2,500	1,479	1,021
Total general and administrative	141,959	141,959	129,146	12,813

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Community improvement and development:				
Maintenance	\$ 185,000	\$ 235,000	\$ 225,213	\$ 9,787
Community center maintenance	82,500	82,500	83,962	(1,462)
Capital outlay	267,150	242,150	218,692	23,458
Washington senior center	27,000	27,000	33,000	(6,000)
Total community improvement and development	561,650	586,650	560,867	25,783
Program expenditures:				
Adult:				
Golf	10,000	10,000	10,224	(224)
Tennis	4,000	4,000	3,504	496
Disabled softball	300	300	-	300
Drop-in sports	2,500	2,500	2,836	(336)
Softball leagues	6,000	6,000	4,336	1,664
Walking fitness	1,200	1,200	881	319
Women's volleyball	4,000	4,000	5,351	(1,351)
Miscellaneous	200	200	735	(535)
Yoga	3,000	3,000	5,414	(2,414)
Flag football	500	500	-	500
Enrichment	-	-	9,238	(9,238)
Total adult	31,700	31,700	42,519	(10,819)
Youth:				
Basketball league	15,500	15,500	21,720	(6,220)
Bonanza	18,500	18,500	17,763	737
TOT programs	5,000	5,000	7,792	(2,792)
TOT sports	3,500	3,500	5,086	(1,586)
Gymnastics	9,000	9,000	16,683	(7,683)
Indoor soccer	1,000	1,000	730	270
Floor hockey	400	400	-	400
T-ball	800	800	224	576
Tae Kwon Do	12,200	12,200	15,332	(3,132)
Flag football	2,700	2,700	3,492	(792)
Miscellaneous	4,000	4,000	3,457	543
Fencing	1,700	1,700	1,352	348
Bowling	2,600	2,600	2,816	(216)
Archery	2,000	2,000	1,863	137
Cheerleading	2,000	2,000	1,529	471
Bulldog basketball camp	12,000	12,000	12,789	(789)
Volleyball	600	600	3	597
Enrichment	-	-	6,810	(6,810)
Youth disabled	500	500	-	500
Total youth	94,000	94,000	119,441	(25,441)

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Program expenditures (Continued):				
Older adult travel	\$ 80,000	\$ 80,000	\$ 86,411	\$ (6,411)
Older adult:				
Sports/Fitness	5,100	5,100	10,809	(5,709)
Miscellaneous programs	1,800	1,800	1,705	95
Spotlight	3,500	3,500	1,919	1,581
Art classes	3,600	3,600	4,675	(1,075)
Secretary	42,800	42,800	44,509	(1,709)
Quilting	2,000	2,000	-	2,000
Volunteer recognition	6,000	6,000	5,915	85
Nonchore/Donations	4,500	4,500	16,230	(11,730)
Dining out	800	800	2,240	(1,440)
Peach festival	3,500	3,500	5,379	(1,879)
Special events	8,500	8,500	12,336	(3,836)
Supplies	1,500	1,500	1,131	369
Total older adult	83,600	83,600	106,848	(23,248)
Aerobics:				
Classes	34,000	34,000	36,103	(2,103)
Playroom	4,000	4,000	3,893	107
Miscellaneous	1,900	1,900	2,100	(200)
Total aerobics	39,900	39,900	42,096	(2,196)
Aquatics:				
Aquafits	2,000	2,000	3,498	(1,498)
Community swim	1,000	1,000	2,417	(1,417)
Competitive swim	42,400	42,400	39,393	3,007
Fitness swim	1,000	1,000	2,445	(1,445)
Rentals	50	50	136	(86)
Senior swim	2,000	2,000	2,833	(833)
Swim lessons	21,400	21,400	18,570	2,830
Coordinator	12,000	12,000	8,494	3,506
Miscellaneous	800	800	668	132
Total aquatics	82,650	82,650	78,454	4,196

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Program expenditures (Continued):				
Special events:				
Children's carnival	\$ 8,000	\$ 8,000	\$ 5,157	\$ 2,843
Friday fun	400	400	457	(57)
Jumpin' Jupiter	1,500	1,500	2,610	(1,110)
Peach festival	6,200	6,200	6,340	(140)
Seasonal events	14,800	14,800	16,155	(1,355)
Summer concerts	7,500	7,500	6,381	1,119
Tickets	24,000	24,000	18,473	5,527
Trips	23,000	23,000	57,428	(34,428)
Special parties	1,800	1,800	-	1,800
Birthday parties	2,500	2,500	1,733	767
Community center rentals	7,000	7,000	4,997	2,003
Washington senior center rentals	3,000	3,000	3,400	(400)
Supplies	2,000	2,000	3,231	(1,231)
Coordinator	7,500	7,500	5,503	1,997
Miscellaneous	13,000	13,000	11,426	1,574
Total special events	122,200	122,200	143,291	(21,091)
Dance:				
Costumes	18,000	18,000	27,475	(9,475)
Dance lessons	45,000	45,000	45,752	(752)
Recitals	9,000	9,000	9,348	(348)
Miscellaneous	17,000	17,000	24,243	(7,243)
Total dance	89,000	89,000	106,818	(17,818)
Program operating:				
Program clerk	35,500	35,500	34,987	513
Brochures	15,000	15,000	16,824	(1,824)
MESC	2,900	2,900	10,949	(8,049)
Employers' FICA	23,000	23,000	22,493	507
Credit card fees	10,000	10,000	13,045	(3,045)
Miscellaneous	25,200	25,200	19,224	5,976
Total program operating	111,600	111,600	117,522	(5,922)
Total program expenditures	734,650	734,650	843,400	(108,750)

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Federal expenditures:				
Chore	\$ 27,000	\$ 27,000	\$ 21,005	\$ 5,995
CDBG	200,000	200,000	201,964	(1,964)
Total federal expenditures	227,000	227,000	222,969	4,031
Total expenditures	<u>\$ 2,081,363</u>	<u>\$ 2,106,363</u>	<u>\$ 2,161,780</u>	<u>\$ (55,417)</u>



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August 27, 2007

Ms. Clara Russell, Director
Romeo, Washington, Bruce Parks
and Recreation Commission
361 Morton St.
Romeo, MI 48065

Dear Ms. Russell:

We recently completed our audit of the basic financial statements of Romeo, Washington, Bruce Parks and Recreation Commission for the year ended March 31, 2007. As a result of our audit, we have the following comments and recommendations for your review and consideration.

Accounting Issues

During our review of bank reconciliations, we noted no evidence of review. Through discussion with the accountant and accounting assistant, we ascertained a review of bank reconciliations is performed but not documented. We recommend after the review is performed, the reviewer initial and date the bank statement or bank reconciliation. Additionally, during our review of the March 31, 2007 bank reconciliation, we noted several checks greater than one year old. We recommend taking the necessary steps to resolve, reissue, or void these checks.

Auditing Standards Continue to Change

Major and comprehensive changes were made to auditing rules in 2006. These new auditing standards require significant changes in how audits are done and how the results of the auditor's work are communicated to clients, bringing auditing rules for governmental units into closer alignment with the standards imposed on audits of public companies under Sarbanes-Oxley.

Some of these new standards became effective for audits of financial statements dated December 31, 2006 and after. As a result, auditors are required to comply with very specific rules related to the form, content, and extent of audit documentation, including more thorough documentation of auditing procedures and results. Other new guidelines affect the audit evidence that must be obtained before an auditor can consider an audit complete.

Another new rule requires auditors to more formally communicate matters they observe about their clients' accounting procedures and internal controls. Auditors are now required to inform clients about any "significant deficiencies" in accounting procedures or internal controls that come to their attention. Significant deficiency is a defined term that includes any flaw creating more than a remote risk of errors in financial statements that could reasonably matter to a user of the statements. Auditors must now communicate these matters in writing to all individuals involved in overseeing strategic direction and accountability for operations, in addition to management.

The remainder of the new rules will become effective for audits of financial statements dated December 31, 2007 and later. These new rules, which are known collectively as the new Risk Assessment Standards, significantly change the procedures auditors must perform in all financial statement audits. Under these new rules, auditors will be required to:

- More thoroughly examine and evaluate clients' accounting processes and controls, including the overall control environment, key controls over significant transactions and the quality of internal oversight of the financial reporting process
- More thoroughly assess and document conditions in clients' systems and processes that create risks of material misstatement in their financial statements and perform additional testing in response to these risks
- Design and perform more analytical tests of accounting and financial data
- Apply more stringent standards in identifying, assessing, and communicating internal control deficiencies
- Communicate more information about the results of the auditor's work to individuals involved in overseeing strategic direction and accountability for operations

As a practical effect of these new rules, auditors will need to make more detailed and specific requests for information from clients, particularly about processes and controls, and clients will need to do more work to be well prepared for their audits. The new rules will also require increased audit testing and more thorough auditing procedures and will increase the amount of related documentation that auditors must prepare and maintain.

Plante & Moran, PLLC began analyzing these new standards and incorporating the necessary changes into our audit process and tools more than a year ago. It is clear that the new rules will require us to perform more audit procedures than we have in the past. Over the next several months, our firm will be investing heavily to implement our new audit methodology and train our staff on these changes. Our goal is to have our staff trained and working with our clients to prepare for the transition to these new rules well in advance of the required implementation date.

Ms. Clara Russell
Romeo, Washington, Bruce Parks
and Recreation Commission

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August 27, 2007

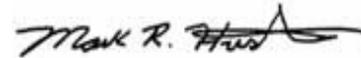
As we move forward, we will be communicating with you regularly about matters that will affect your next financial statement audit. In addition, we plan to begin to work with you during the upcoming year in a number of areas, including review and documentation of your internal accounting procedures and controls, to ensure a smooth transition to these new standards. We will be in contact with you in the near future to discuss these matters in more detail.

The primary objective of these new rules is to strengthen and enhance the independent audit of financial statements, including more thorough evaluation and information about your internal accounting and financial reporting processes and controls. We believe that these new rules and the additional communications you will receive from us about the results of our audit work will enhance the value you receive from your financial statement audit.

We would like to thank Mary Jo Bommarito and Sandy Williams, as well as all of the Romeo, Washington, Bruce Parks and Recreation Commission department personnel, for their assistance during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

Plante & Moran, PLLC



Mark R. Hurst



Pamela L. Hill



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August 27, 2007

To the Members of the Commission
Romeo, Washington, Bruce Parks
and Recreation Commission
361 Morton
Romeo, Michigan 48065

Dear Commission Members:

Beginning with this year's audit, national auditing standards now call for auditors to communicate matters to the governing body that may be useful to you in your oversight of the Commission's financial management. Specifically, they require us to report internal control issues to you that that may be relatively minor, in order to allow you to evaluate their significance and make any changes you may deem appropriate. The purpose of these new standards is to allow you an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this new report on internal control will be helpful to you and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the Romeo, Washington, Bruce Parks and Recreation Commission (the "Commission") 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 Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 a certain deficiency in internal control that we consider to be a material weakness.

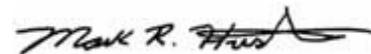
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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.

Recording of Grant Revenue - During our audit of the financial statements, we noted that controls over the recording of grant revenue were not in place. Accounting principles generally accepted in the United States of America require grant revenue to be recorded when related expenditures are incurred. In particular, we noted that one invoice submitted for reimbursement under the federal grant was improperly excluded from the accounting records for the year ended March 31, 2007. We believe that the lack of controls over the recording of grant revenue constitutes a material weakness. We recommend that the Commission develop and implement controls to ensure grant revenue is recorded in the proper period.

We would like to thank you and your staff for the courtesy and cooperation extended to us during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

Plante & Moran, PLLC



Mark Hurst



Pamela Hill