Downriver Recreation Commission

Financial Report

June 30, 2003

plante moran

Downriver Recreation Commission

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Independent Auditor's Report

To the Members
Downriver Recreation Commission
Algonac, Michigan

We have audited the accompanying general purpose financial statements of the Downriver Recreation Commission as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Downriver Recreation Commission at June 30, 2003 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

August 20, 2003

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Downriver Recreation Commission

Balance Sheet
General Fund and General Fixed Assets Account Group
June 30, 2003

	General Fund	General Fixed Assets Account Group
Assets		
Cash (Note 2)	$ 30,437	$ -
Capital assets - Equipment	-	8,932
Total assets	**$ 30,437**	**$ 8,932**
Liabilities and Fund Equity		
Liabilities - Accrued liabilities	$ 6,555	$ -
Fund Equity		
Investment in general fixed assets	-	8,932
Fund balance - Unreserved and undesignated	23,882	-
Total fund equity	23,882	8,932
Total liabilities and fund equity	**$ 30,437**	**$ 8,932**

See Notes to Financial Statements.

Downriver Recreation Commission

Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Recreation fees	$ 50,000	$ 49,658	$ (342)
Ticket sales	12,000	9,429	(2,571)
Intergovernmental revenue:			
Township of Clay	42,000	42,000	-
City of Algonac	37,000	37,000	-
Skate park contributions	24,500	13,386	(11,114)
Grant income	1,000	1,210	210
Interest	700	365	(335)
Rental income	1,000	1,464	464
Other income	500	894	394
Total revenue	168,700	155,406	(13,294)
Expenditures			
Recreation coordinator	30,500	28,875	1,625
Summer staff	32,000	31,732	268
Insurance	3,725	3,577	148
Fringe benefits	16,500	16,989	(489)
Travel and conference	1,350	1,647	(297)
Telephone	1,300	1,104	196
Supplies and publicity	10,350	13,478	(3,128)
Class instruction	24,700	40,616	(15,916)
Other sports and activities	11,000	12,083	(1,083)
Special events	2,000	2,340	(340)
Crafts and field	3,000	3,295	(295)
Concerts	5,000	4,096	904
Cost of tickets	10,000	10,405	(405)
Audit	700	700	-
Equipment	300	556	(256)
Skate park maintenance	44,000	34,494	9,506
Total expenditures	196,425	205,987	(9,562)
Excess of Expenditures Over Revenue	(27,725)	(50,581)	(22,856)
Fund Balance - July 1, 2002	74,463	74,463	-
Fund Balance - June 30, 2003	**$ 46,738**	**$ 23,882**	**$ (22,856)**

See Notes to Financial Statements.

Note 1 - Significant Accounting Policies

The accounting policies of the Downriver 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 policies:

Reporting Entity

The Commission is the recreational policymaking authority for the City of Algonac, the Township of Clay, and the Algonac Community School District. The primary organizational goal is to meet residential recreational needs to the greatest extent possible during all seasons of the year, for all age groups and for both sexes.

The Commission is governed by a nine-member commission. The City of Algonac, the Township of Clay, and the Algonac Community School District each appoint three members to the Commission. There are no component units that are required to be included in this reporting entity.

Fund Accounting

The accounts of the Commission are organized on the basis of a fund and an account group, both of which are considered separate accounting entities. The following fund type is maintained by the Commission:

Governmental Fund - General Fund - The General Fund contains the records of the ordinary activities of the Commission. General Fund activities are financed by revenue from recreation fees, contributions from the Township of Clay and the City of Algonac, and other sources.

Basis of Accounting

The modified accrual basis of accounting is used. Modifications in such method from the accrual basis are as follows:

a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Other revenue is recorded when received.

b. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

c. Normally, expenditures are not divided between years by the recording of prepaid expenditures.

Note 1 - Significant Accounting Policies (Continued)

Fixed Assets - Fixed assets used in the General Fund's operations are accounted for in the General Fixed Assets Account Group, rather than in the General Fund. Such assets are recorded as expenditures at the time of purchase. No depreciation has been provided on general fixed assets.

All fixed assets are recorded at cost.

The General Fixed Assets Account Group is not a fund and does not involve the measurement of results of operations.

Note 2 - Cash

The Commission's bank deposits of $30,437 at June 30, 2003 are included on the balance sheet under the classification of cash.

The above deposit was reflected in the account of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at $34,069. The entire amount was covered by federal depository insurance.

Note 3 - Budget Information

The annual budget is prepared by the Commission treasurer and adopted by the Commission; subsequent amendments are approved by the Commission. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2003 has not been calculated. 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 and adopted at the activity level (as shown on page 3 of the financial statements). This comparison includes budget expenditure overruns.

Note 4 - Capital Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Equipment	$ 8,932	$ -	$ -	$ 8,932

Note 5 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, and errors and omissions. The Commission participates in the State Pool program of the Michigan Municipal Risk Management Authority for claims relating to property loss, torts, and errors and omissions. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Commission is covered under Clay Township's workers' compensation insurance plan.

The State Pool program of the Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 6 - Upcoming Report Change

For the year beginning July 1, 2003, the Commission plans to adopt GASB Statement Number 34. This will dramatically revise the information being reported in these financial statements. Governmental activities will report information by individually significant fund, as well as in total, on the full accrual basis of accounting. Information is not available to present pro forma data that would show the effect of this future change.