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

AUDITING PROCEDURES REPORT

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

Local Government Type	Local Government Name	County
☐ City ☐ Township ☐ Village ☒ Other	LONDON - MAYBEE - RAISINVILLE FIRE DEPARTMENT	MONROE

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3.31.04	7.23.4	7.26.4

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

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We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)			
MCGUIRE & CAVAN			
Street Address	City	State	ZIP
6588 SECOR ROAD	LAMBERTVILLE	MI	48144
Accountant Signature			
Donavon McGuire CPA			

LONDON-MAYBEE-RAISINVILLE
FIRE DEPARTMENT

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT

BOARD OFFICIALS

CHAIR - - - - - - - - - - - -Donald Secord

VICE-CHAIR - - - - - - - - - - - - - - - - - Kris Nuevirth

SECRETARY - - - - - - - - - - - - - - -Keith Henderson

TREASURER - - - - - - - - - - - - - - -Pam Strainic

MEMBER - - - - - - - - - - - -Jerry Blanchette

MEMBER - - - - - - - - - - - -Cliff Wehyer

MEMBER - - - - - - - - - - - -Leonard Gaylor

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CPA

McGuire & Cavan
Certified Public Accountants

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Lambertville, MI 48144
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INDEPENDENT AUDITOR'S REPORT

London-Maybee-Raisinville
Fire Department Board
P.O. Box 144
Maybee, MI 48159

We have audited the accompanying general purpose financial statements of London-Maybee-Raisinville Fire Department as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the London-Maybee-Raisinville Fire Department's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 London-Maybee-Raisinville Fire Department as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

McGuire & Cavan

McGuire & Cavan
Certified Public Accountants

July 23, 2004

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	Governmental Fund Types		*Account Groups*	
	General	*Capital Projects*	*General Fixed Assets*	*Totals (Memorandum Only)*
Assets				
Cash & Cash Equivalents	$ 17,405	$ -	$ -	$ 17,405
Fixed Assets	-	-	1,548,594	1,548,594
Restricted Cash	13,331	-	-	13,331
Due from Other Units	15,852	-	-	15,852
Total Assets	$ 46,588	$ -	$ 1,548,594	$ 1,595,182
Fund Equity				
Fund Equity:				
Investment in General Fixed Assets	$ -	$ -	$ 1,548,594	$ 1,548,594
Fund Balance:				
Reserved	13,331	-	-	13,331
Unreserved	33,257	-	-	33,257
Total Fund Equity	46,588	-	-	46,588
Total Fund Equity	$ 46,588	$ -	$ 1,548,594	$ 1,595,182

See Accompanying Notes to the Financial Statements.

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT
COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	General	Capital Projects	Totals (Memorandum Only)
Revenue:			
Contributions From Local Units	$ 139,850	$ 59,773	$ 199,623
Other	1,417	2,700	4,117
Total Revenue	141,267	62,473	203,740
Expenditures:			
Current:			
Public Safety	123,409	-	123,409
Capital Outlay	-	82,667	82,667
Total Expenditures	123,409	82,667	206,076
Excess of Revenue Over (Under) Expenditures	17,858	(20,194)	(2,336)
Fund Balance, Beginning	28,730	20,194	48,924
Fund Balance, Ending	$ 46,588	$ -	$ 46,588

See Accompanying Notes to the Financial Statements.

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT

COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	Budget	*Actual*	*Variance Favorable (Unfavorable)*
Revenue:			
Contributions From Local Units	$ 139,850	$ 139,850	$ -
Other	3,500	1,417	(2,083)
Total Revenue	143,350	141,267	(2,083)
Expenditures:			
Current:			
Public Safety	143,350	123,409	19,941
Total Expenditures	143,350	123,409	19,941
Excess of Revenue Over (Under) Expenditures	-	17,858	17,858
Fund Balance, Beginning	28,730	28,730	-
Fund Balance, Ending	$ 28,730	$ 46,588	$ 17,858

See Accompanying Notes to the Financial Statements.

NOTE 1 - *Summary of Significant Accounting Policies*

NOTE 2 - *Pending Litigation*

NOTE 3 - *Restricted Assets*

NOTE 4 - *Compensated Absences*

NOTE 5 - *Reclassification*

NOTE 6 - *Post-Employment Benefits*

NOTE 7 - *Fund Deficits*

NOTE 8 - *Changes in General Fixed Assets*

NOTE 9 - *Fund Balances*

NOTE 10 - *Excess Expenditures*

NOTE 11 - *Cash and Cash Equivalents*

NOTE 12 - *Total Columns on Combined Statements*

NOTE 13 - *Lease Obligations*

NOTE 14 - *Risk Management*

NOTE 1 -- Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the London-Maybee-Raisinville Fire Department:

DESCRIPTION OF OPERATIONS:

The London-Maybee-Raisinville Fire Department was organized May 10, 1952, by Raisinville Township, London Township, and the Village of Maybee, as a joint venture. The LMR Fire Department maintains a volunteer fire department which operates out of the Village of Maybee, but provides services to all three parties of the joint enterprise. The LMR Fire Department operates under an elected board (7 members), 2 members from each of the three parties, and 1 member who is to be selected by the other 6 board members.

A. REPORTING ENTITY

In accordance with the provisions of the Government Accounting Standards Board Statement No. 14 on the Financial Reporting Entity, this Organization is considered a joint venture. The financial statements of the LMR Fire Department contain all the Organization's funds, account groups, and authorities that are controlled by or dependent on the Organization's Board.

Raisinville Township contributes 50% of the annual revenues of the Organization, London Township contributes 37% and the Village of Maybee's contribution is 13%. The percentage is reviewed annually and adjusted based on the prior five years fire runs. As described in GASB Statement No. 14, each of the participants have an ongoing financial responsibility in the joint venture.

Based upon the criteria stated in GASB Statement No. 14, there are no component units of the London-Maybee-Raisinville Fire Department.

B. FUND ACCOUNTING

The accounts of the Organization are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into the following broad fund categories, fund types and account groups:

GOVERNMENTAL FUNDS

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

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition and construction of major capital projects.

ACCOUNT GROUPS

General Fixed Assets Account Group - This account group represents the fixed assets of the local unit utilized in its general operations, which are not already recorded in proprietary funds.

NOTE 1 -- Summary of Significant Accounting Policies (Continued)

General Long Term Debt Account Group - This account group represents the balance of general obligation long-term debt which is not already recorded in proprietary funds.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (I.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Modifications from the accrual basis are as follows:

1) Other revenues that are both measurable and available for use to finance operations of the Organization are recorded as revenue when earned. Other revenue is recorded when received.

2) Interest on long-term debt is not recorded as an expenditure until the due date.

3) Interest income on special assessments receivable is not accrued until its due date.

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

D. BUDGETS AND BUDGETARY ACCOUNTING

The Organization is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1982:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. Budgeted expenditures cannot exceed budgeted revenues and fund balance.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The Organization adopts its budget by activity which is in accordance with the state's legal requirement and is the level of classification detail at which expenditures may not legally exceed budgets.

Budgeted amounts of the revenues and expenditures presented for the General Fund are a summarization of the budgeted amounts as originally adopted or as amended by the Board. Individual amendments were not material in relation to the original appropriations that were amended.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets were adopted for the general fund. All annual appropriations lapse at fiscal year end.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

The Organization currently does not have any investments.

F. RESTRICTED ASSETS

Certain assets are classified as restricted on the balance sheet. These represent amounts which are restricted for the future purchase of a fire truck.

G. FIXED ASSETS

All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund which financed the acquisition and are capitalized in the general fixed assets account group. Donated fixed assets are reported at estimated fair market value at the time received. Public domain (infrastructure) general fixed assets are not capitalized.

No depreciation is provided on general fixed assets.

H. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

I. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

Note 2 – Pending Litigation

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

Note 3- Restricted Assets

The Organization has assets restricted for the future purchase of a fire truck, as follows:

General Fund	$ 13,331

Note 4 - Compensated Absences

The Organization has no liability for Compensated absences at March 31, 2004.

Note 5 - Reclassification

Certain reclassifications have been made to the March 31, 2003 financial statement information to conform to the March 31, 2004 presentation.

Note 6 - Post-Employment Benefits

The Organization does not have a plan set up for post-employment benefits.

Note 7 - Fund Deficits

The Organization has no accumulated fund balance deficits.

Note 8 - Changes In General Fixed Assets

A summary of changes in general fixed assets follows:

	March 31, 2003	*Additions*	*Deletions*	*March 31, 2004*
Land	$ 33,000	$ -	$ -	$ 33,000
Buildings	627,752	82,667		710,419
Equipment	798,700	6,475	-	805,175
Total	$ 1,459,452	$ 89,142	$ -	$ 1,548,594

Note 9 - Fund Balances

The following are fund balance reserves at March 31, 2004:

General Fund: Reserved for Fire Truck	$ 13,331

Note 10 - Excess Expenditures

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Organization's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Organization for the budgetary funds were adopted to the activity level.

During the year ended March 31, 2004 the Organization incurred the following expenditure which was in excess of the amount appropriated.

Capital Outlay	$ 1,267

Note 11 - Cash and Cash Equivalents

The caption on the combined balance sheet relating to cash and cash equivalents, and the amount in the Total (Memorandum Only) column consists of the following:

	Total (Memorandum Only)
Cash and Cash Equivalents	$ 17,405
Restricted Cash	13,331
Total	$ 30,736

Deposits are in two financial institutions and are carried at cost plus accrued interest. As of March 31, 2004, deposits (cash and cash equivalents and restricted cash) are as follows:

	Carrying Amount	*Bank Balances*
Category 1:		
Insured (FDIC)	$ 30,736	$ 32,250
Category 2:		
Uninsured	-	-
	$ 30,736	$ 32,250

Note 12 - Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 13 - Lease Obligation

The Organization has no lease obligations.

Note 14 - Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT

GENERAL FUND

COMPARATIVE BALANCE SHEET

MARCH 31, 2004 AND 2003

	2004	*2003*
Assets:		
Cash and Cash Equivalents	$ 17,405	$ 1,865
Restricted Cash	13,331	13,331
Due from Other Units	15,852	13,534
Total Assets	$ 46,588	$ 28,730
Liabilities:		
Accounts Payable	$ -	$ -
Fund Balance		
Reserved for Truck Replacement	13,331	13,331
Unreserved	33,257	15,399
Total Fund Balance	46,588	28,730
Total Liabilities and Fund Balance	$ 46,588	$ 28,730

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT

GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED MARCH 31, 2003

	2004		Variance Favorable	2003
	Budget	Actual	(Unfavorable)	Actual
Revenue				
Contributions From Local Units	$ 139,850	$ 139,850	$ -	$ 113,400
Other	3,500	1,417	(2,083)	4,823
Total Revenue	143,350	141,267	(2,083)	118,223
Expenditures:				
Public Safety:				
Fire Department:				
Wages	49,000	41,680	7,320	13,000
Accounting	3,000	2,999	1	2,399
Supplies	3,800	2,618	1,182	2,580
Auditor	2,000	1,800	200	1,800
Insurance	16,340	15,974	366	18,585
Medical Physicals	2,200	2,152	48	2,742
Education and Training	2,400	1,861	539	1,963
Travel and Mileage	10,650	10,486	164	21,300
Telephone	3,378	3,145	233	2,678
Maintenance	14,000	10,115	3,885	13,989
Payroll Taxes	6,000	3,059	2,941	994
Capital Outlay	14,500	15,767	(1,267)	12,059
Lease Expense	-	-	-	13,160
Utilities	7,500	6,595	905	-
Firefighter Association	3,000	3,000	-	-
Miscellaneous	5,582	2,158	3,424	3,036
Total Expenditures	143,350	123,409	19,941	110,285
Excess of Revenue Over (Under) Expenditures	-	17,858	17,858	7,938
Fund Balance - Beginning	28,730	28,730	-	20,792
Fund Balance - Ending	$ 28,730	$ 46,588	$ 17,858	$ 28,730

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT
FIRE BUILDING CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
MARCH 31, 2004 AND 2003

	2004	2003
Assets:		
Cash and Cash Equivalents	$ -	$ 20,194
Total Assets	$ -	$ 20,194
Fund Balance		
Reserved	$ -	$ 20,194
Total Fund Balance	$ -	$ 20,194

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT

FIRE BUILDING CAPITAL PROJECT FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED MARCH 31, 2003

	2004	*2003*
Revenue:		
Contributions From Local Units	$ 59,773	$ 627,100
Other	2,700	975
Total Revenue	62,473	628,075
Expenditures:		
Capital Outlay:		
Construction	82,667	617,792
Miscellaneous	-	-
Total Expenditures	82,667	617,792
Excess of Revenue Over (Under) Expenditures	(20,194)	10,283
Fund Balance - Beginning	20,194	9,911
Fund Balance - Ending	$ -	$ 20,194

LONDON-MAYBE-RAISINVILLE FIRE DEPARTMENT
COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS
MARCH 31, 2004 AND 2003

General Fixed Assets	*2004*	*2003*
Land	$ 33,000	$ 33,000
Buildings	710,419	627,752
Equipment	805,175	798,700
Total Assets	$ 1,548,594	$ 1,459,452
Investment in General Fixed Assets		
Investment in General Fixed Assets	$ 1,548,594	$ 1,459,452

CPA

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July 23, 2004

RECEIVED
DEPT. OF TREASURY
JUL 28 2004
LOCAL AUDIT & FINANCE DIV

London-Maybee-Raisinville
Fire Department Board
Monroe, MI 48161

Dear Board Members,

Our audit of the financial statements of London-Maybee-Raisinville Fire Department for the year ended March 31, 2004, was made in accordance with the generally accepted auditing standards which require that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Department. The scope of our audit is not intended to be a detailed review of all systems and procedures; therefore, this report should not be considered all inclusive.

As a result of our audit we have the following comments and recommendations:

Budget – All expenditures should be within the appropriated amount.

Future Financial Reporting Changes – *The Governmental Accounting Standards Board Statement No. 34* will become effective for your year beginning April 1, 2004. This statement will substantially alter the your annual financial reporting format, including depreciation of fixed assets and a required Management Discussion and Analysis section in the financial statements. After the fact revisions to your March 31, 2004, financial statements will be necessary to obtain adequate beginning balances for the year ending March 31, 2005.

We would like to take this opportunity to thank both the Board Officials and the employees who provided assistance to us during our audit. If you have any questions regarding any of the suggestions noted above or would like assistance in their implementation, please contact us.

Sincerely,

Donavon McGuire

L. Donavon McGuire, CPA
McGuire & Cavan
Certified Public Accountants