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COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY

Ottawa County, Michigan

FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION

Year Ended December 31, 2004

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

AUDITING PROCEDURES REPORT

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

Local Government Type	Local Government Name	County
☐ City ☐ Township ☐ Village ☒ Other	Coopersville Polkton Area Fire Protection Authority	Ottawa

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
December 31, 2004	March 3, 2005	June 24, 2005

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

We affirm that:

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

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

You must check the applicable box for each item below.

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

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

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

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

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

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

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

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

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

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

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

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

March 3, 2005

To the Fire Board
Coopersville Polkton Area Fire Protection Authority
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Coopersville Polkton Area Fire Protection Authority, Ottawa County, Michigan as of and for the year ended December 31, 2004, which collectively comprise the Fire Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Coopersville Polkton Area Fire Protection Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Coopersville Polkton Area Fire Protection Authority, Ottawa County, Michigan as of December 31, 2004, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Fire Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* as of January 1, 2004.

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

Campbell, Kusterer & Co., P.C.

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

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2004

The Management's Discussion and Analysis report of the Coopersville Polkton Area Fire Protection Authority covers the Fire Authority's financial performance during the year ended December 31, 2004.

FINANCIAL HIGHLIGHTS

The Fire Authority had $523,135.09 in total net assets as of December 31, 2004. The ending fund balance in the General Fund was $106,742.02. The Fire Authority had net capital assets totaling $416,393.07.

Overall revenues totaled $181,694.64.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

ENTITY-WIDE FINANCIAL STATEMENTS

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

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

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

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

All of the activities of the Fire Authority are reported as governmental activities. This includes the General Fund.

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2004

FUND FINANCIAL STATEMENTS

The Fire Authority has the following funds:

Governmental funds: All of the Fire Authority's activities are included in the Governmental Fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. The Fire Authority's governmental funds include the General Fund.

FINANCIAL ANALYSIS OF THE FIRE AUTHORITY AS A WHOLE

The Fire Authority has no loans.

Our cash position in the governmental activities remains strong.

The Fire Authority did not incur any debt in the previous year.

FINANCIAL ANALYSIS OF THE FIRE AUTHORITY'S FUNDS

The General Fund pays for all of the Fire Authority's governmental services.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Fire Authority's governmental activities invested $199,635.00 in capital assets. (New Heavy Rescue Truck)

The Fire Authority has no long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The City of Coopersville has approved an increase in funding to the Fire Authority of $26,600.00 over 2004 levels for 2005 while the voters of Polkton Township approved a one mill fire millage. Due to these factors, the revenue position of the Fire Authority is strong for the near future. However, three of our six trucks are over twenty years old and will need to be replaced in the near to moderate future.

CONTACTING THE FIRE AUTHORITY'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Fire Authority's finances and to demonstrate the Fire Authority's accountability for the revenues it receives. If you have any questions concerning this report please contact the Fire Authority Treasurer at 616-837-9381.

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
December 31, 2004

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	393 07
Investments	73 498 95
Due from City of Coopersville	32 850 00
Total Current Assets	106 742 02
NON-CURRENT ASSETS:	
Capital Assets	1 138 690 52
Less: Accumulated Depreciation	(722 297 45)
Total Non-current Assets	416 393 07
TOTAL ASSETS	523 135 09
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	-
Total Current Liabilities	-
NON-CURRENT LIABILITIES:	
Note payable	-
Total Non-current Liabilities	-
Total Liabilities	-
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	416 393 07
Unrestricted	106 742 02
Total Net Assets	523 135 09
TOTAL LIABILITIES AND NET ASSETS	523 135 09

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

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended December 31, 2004

		Program Revenue	Governmental Activities
	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Public safety	169 838 74	168 500 00	(1 338 74)
Total Governmental Activities	169 838 74	168 500 00	(1 338 74)
General Revenues:			
Interest			4 013 09
Miscellaneous			9 181 55
Total General Revenues			13 194 64
Change in net assets			11 855 90
Net assets, beginning of year			511 279 19
Net Assets, End of Year			523 135 09

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

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

BALANCE SHEET – GOVERNMENTAL FUND
December 31, 2004

	Total (General)
Assets	
Cash in bank	393 07
Investments	73 498 95
Due from City of Coopersville	32 850 00
Total Assets	106 742 02
Liabilities and Fund Equity	
Liabilities	-
Total liabilities	-
Fund equity:	
Fund balance:	
Unreserved:	
Undesignated	106 742 02
Total fund equity	106 742 02
Total Liabilities and Fund Equity	106 742 02

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

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
December 31, 2004

TOTAL FUND BALANCE – GOVERNMENTAL FUND	106 742 02
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	1 138 690 52
Accumulated depreciation	(722 297 45)
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	523 135 09

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

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
Year ended December 31, 2004

	Total (General)
Revenues:	
City of Coopersville	99 100 00
Township of Polkton	69 400 00
Interest	4 013 09
Miscellaneous	9 181 55
Total revenues	181 694 64
Expenditures:	
Public safety:	
Fire protection:	
Wages	53 937 00
Payroll taxes	4 126 20
Insurance	36 121 06
Equipment maintenance	4 619 84
Vehicle maintenance	18 598 01
Radio maintenance	898 00
Gas and oil	2 016 15
Utilities	2 947 00
Supplies	15 984 00
Office supplies	2 091 47
Audit	1 400 00
Miscellaneous	1 082 60
Dues and education	758 66
Capital outlay	199 635 00
Total expenditures	344 214 99
Excess (deficiency) of revenues over expenditures	(162 520 35)
Fund balance, January 1	269 262 37
Fund Balance, December 31	106 742 02

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

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2004

NET CHANGE IN FUND BALANCE – TOTAL GOVERNMENTAL FUND	(162 520 35)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation Expense	(25 258 75)
Capital Outlay	199 635 00
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	11 855 90

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

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Coopersville Polkton Area Fire Protection Authority, Ottawa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

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

The reporting entity is the Coopersville Polkton Area Fire Protection Authority. The Fire Authority is governed by an elected Fire Board. As required by generally accepted accounting principles, these financial statements present the Fire Authority as the primary government.

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Fire Authority reports only one fund as follows:

- The General Fund is used to record the operations of the Fire Authority which pertain to maintaining and operating the Fire Authority. Included are all transactions related to the approved current operating budget.

Assets, Liabilities and Net Assets or Equity

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

Receivables

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

Inventories

Inventory is considered to be immaterial and is not recorded.

Property Taxes

The Fire Authority does not levy any property taxes.

Encumbrances

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

Capital Assets

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

Vehicles	20 years
Equipment	5-20 years

Compensated Absences (Vacation and Sick Leave)

The Fire Authority employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid in accordance with Governmental Accounting Standards Board's Statement No. 16 "Accounting for Compensated Absences."

Note 1 – Summary of Significant Accounting Policies (continued)

Post-employment Benefits

The Fire Authority provides no post-employment benefits to past employees.

Fund Equity

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

Accounting Change

Effective January 1, 2004, the Fire Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Fire Authority's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Fire Authority's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Fire Authority's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling $416,393.07.

Note 2 – Budgets and Budgetary Accounting

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

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

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

3. Public hearings are held to obtain taxpayer comments.

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

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

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

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

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

Note 2 – Budgets and Budgetary Accounting (continued)

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

Note 3 – Deposits and Investments

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

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

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

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

	Carrying Amounts
Total Deposits	393 07

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

	Bank Balances
Insured (FDIC)	393 07
Uninsured and Uncollateralized	-
Total Deposits	393 07

The Fire Authority's investments are categorized below to give an indication of the level of risk assumed by the Fire Authority. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Fire Authority or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Fire Authority's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Fire Authority's name.

The GASB Statement No. 3 risk disclosures for the Fire Authority's investments are categorized as follows:

Note 3 – Deposits and Investments (continued)

Investment Type	(1)	(2)	(3)	Carrying Amount
Risk-Categorized:				
Operating Funds	-	-	-	-
Total Risk-Categorized Investments	-	-	-	-
Nonrisk-Categorized:				
Financial Institution Pooled Funds				73 498 95
Total Investments				73 498 95

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 4 – Capital Assets

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

	Balance 1/1/04	Additions	Deletions	Balance 12/31/04
Governmental Activities:				
Vehicles	779 597 00	199 635 00	-	979 232 00
Equipment	159 458 52	-	-	159 458 52
Total	939 055 52	199 635 00	-	1 138 690 52
Accumulated Depreciation	(697 038 70)	(25 258 75)	-	(722 297 45)
Net Capital Assets	242 016 82	174 376 25	-	416 393 07

Note 5 – Deferred Compensation Plan

The Fire Authority does not have a deferred compensation plan.

Note 6 – Pension Plan

The Fire Authority does not have a pension plan.

Note 7 – Risk Management

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

COOPERSVILLE POLKTON AREA FIRE PROTECTION AUTHORITY
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
City of Coopersville	99 100 00	99 100 00	99 100 00	-
Township of Polkton	69 400 00	69 400 00	69 400 00	-
Interest	-	-	4 013 09	4 013 09
Miscellaneous	-	-	9 181 55	9 181 55
Total revenues	168 500 00	168 500 00	181 694 64	13 194 64
Expenditures:				
Public safety:				
Fire protection:				
Wages	60 000 00	60 000 00	53 937 00	(6 063 00)
Payroll taxes	5 500 00	5 500 00	4 126 20	(1 373 80)
Insurance	34 000 00	34 000 00	36 121 06	2 121 06
Equipment maintenance	8 500 00	8 500 00	4 619 84	(3 880 16)
Vehicle maintenance	12 000 00	12 000 00	18 598 01	6 598 01
Radio maintenance	1 750 00	1 750 00	898 00	(852 00)
Gas and oil	2 500 00	2 500 00	2 016 15	(483 85)
Utilities	3 000 00	3 000 00	2 947 00	(53 00)
Supplies	2 000 00	13 619 00	15 984 00	2 365 00
Office supplies	1 250 00	1 250 00	2 091 47	841 47
Audit	-	-	1 400 00	1 400 00
Miscellaneous	3 000 00	3 000 00	1 082 60	(1 917 40)
Dues and education	1 000 00	1 000 00	758 66	(241 34)
Capital outlay	34 000 00	222 381 00	199 635 00	(22 746 00)
Total expenditures	168 500 00	368 500 00	344 214 99	(24 285 01)
Excess (deficiency) of revenues over expenditures	-	(200 000 00)	(162 520 35)	37 479 65
Fund balance, January 1	-	200 000 00	269 262 37	69 262 37
Fund Balance, December 31	-	-	106 742 02	106 742 02

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

March 3, 2005

To the Fire Board
Coopersville Polkton Area Fire Protection Authority
Ottawa County, Michigan

We have audited the financial statements of the Coopersville Polkton Area Fire Protection Authority for the year ended December 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

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

We conducted our audit of the financial statements of the Coopersville Polkton Area Fire Protection Authority in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

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

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

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

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

To the Fire Board
Coopersville Polkton Area Fire Protection Authority
Ottawa County, Michigan

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

SIGNIFICANT ACCOUNTING POLICIES

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

OTHER COMMUNICATIONS

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

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

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended December 31, 2004. The implementation of this pronouncement for the Coopersville Polkton Area Fire Protection Authority began with the year ended December 31, 2004. The daily operations and recording transactions did not change significantly, however, the Fire Authority is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

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

SEGREGATION OF DUTIES

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

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

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

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Fire Authority's financial statements and this communication of these matters does not affect our report on the Fire Authority's financial statements, dated December 31, 2004.

To the Fire Board
Coopersville Polkton Area Fire Protection Authority
Ottawa County, Michigan

SUMMARY

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

Sincerely,

Campbell, Kusterer & Co., P.C.

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