COLON COMMUNITY FIRE AND RESCUE DEPARTMENT
ST. JOSEPH COUNTY, MICHIGAN

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

MARCH 31, 2005

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☐ Township ☐ Village ☑ Other	COLON COMMUNITY FIRE & RESCUE DEPT.	ST. JOSEPH

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3/31/05	7/17/05	10/21/05

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 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.			✔
Reports on individual federal financial assistance programs (program audits).			✔
Single Audit Reports (ASLGU).			✔

Certified Public Accountant (Firm Name)			
Norman & Paulsen, PC			
Street Address	City	State	ZIP
127 W Chicago Road	Sturgis	MI	49091
Accountant Signature		Date	
Michael R. Wilson CPA Michael R. Wilson		10/21/05	

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

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Norman & Paulsen, P.C.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Colon Community Fire and Rescue Department

We have audited the accompanying financial statements of the governmental activities and the major fund of the Colon Community Fire and Rescue Department, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Colon Community Fire and Rescue Department 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Colon Community Fire and Rescue Department, as of March 31, 2005, 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.

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 supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As discussed in Note 1 to the financial statements, the Colon Community Fire and Rescue Department adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments Omnibus* and GASB 38, *Certain Financial Statement Notes Disclosures*, as of April 1, 2004.

Norman & Paulson, P.C.

July 17, 2005

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Colon Community Fire and Rescue Department financial performance provides an overview of the Department's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Department's financial statements.

Financial Highlights

The Department's overall financial position decreased by $27,219 during the fiscal year ended March 31, 2005, which represents 9 percent of the net asset position at the beginning of the year. This decrease was primarily the depreciation expense on vehicles and equipment in the amount of $28,924.

The Department's Governmental Funds reflected a total fund balance at March 31, 2005 of $89,699, which was an increase of $1,705 from the prior year end.

The total Governmental Fund expenditures for the year ended March 31, 2005, amounted to $130,651, of which $126,825 were funded from intergovernmental support.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Department as a whole and present a longer-term view of the Department'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 supporting governmental units have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the supporting governmental units' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Department's operations in more detail than the government-wide financial statements by providing information about the Department's most significant funds.

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

MANAGEMENT' S DISCUSSION AND ANALYSIS

The Department as a Whole

The following table shows, in a condensed format, the net assets as of the current year end and compared to the prior year end under the modified accrual basis of accounting:

	Governmental Funds	
	2005	2004
Assets	$ 93,821	$ 90,495
Liabilities	4,122	2,501
Fund Balance	$ 89,699	$ 87,994

The following table shows, in a condensed format, the net assets of the current date as required by GASB 34 stated under the full accrual basis. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

	Governmental Activities
Current and other assets	$ 93,821
Capital assets	196,823
Total assets	290,644
Current and other liabilities	4,122
Net assets	
Invested in capital assets, net of related debt	196,823
Unrestricted	89,699
Total net assets	$ 286,522

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

MANAGEMENT' S DISCUSSION AND ANALYSIS

The following table shows the changes of the net assets during the current year as compared to the prior year, under the modified accrual basis of accounting:

	Governmental Funds	
	2005	2004
Revenue		
Intergovernmental support	$ 126,825	$ 140,920
Federal grant	-	2,693
Interest	700	1,051
Insurance	4,706	2,509
Miscellaneous	125	500
Total revenue	132,356	147,673
Program expenses		
Public safety	130,651	130,005
Excess (deficiency)	$ 1,705	$ 17,668

The following table shows, in a condensed format, the changes in net assets as of the current date as required by GASB 34 stated under the full accrual basis of accounting. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

	Governmental Activities
Revenues	
Program revenues	
Charges for services	$ 131,531
General revenues	
Investment earnings	700
Miscellaneous	125
Total revenues	132,356
Expenses	
Public safety - fire protection	159,575
Change in net assets	$ (27,219)

The Department's Funds

Our analysis of the Department's major funds begins on page 9, following the government-wide financial statements. The fund financial statements provide detailed information about the significant funds, not the Department as a whole. Major funds for the fiscal year ended March 31, 2005 include the General Fund. The General Fund pays for all of the Department's public safety services and is funded primarily by charges to participating governmental units.

General Fund Budgetary Highlights

As shown in the required supplemental information, the Department budgeted a decrease of $14,905 in the original budget. Actual operating results ended up as an increase of $1,705.

The original budget was not amended.

Capital Assets and Debt Administration

During the year ended March 31, 2005, the Department did not purchase any vehicles or equipment.

The Department has no long-term debt obligations.

Contacting the Department's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Department's finances and to show the Department's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Colon Community Fire and Rescue Department.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

STATEMENT OF NET ASSETS
MARCH 31, 2005

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 87,212
Prepaid and other assets	6,609
Capital assets - net	196,823
Total assets	290,644
LIABILITIES	
Accounts payable	4,122
NET ASSETS	
Invested in capital assets, net of related debt	196,823
Unrestricted	89,699
Total net assets	$ 286,522

See accompanying notes to financial statements

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary government				
Governmental activities:				
Public safety	$ 159,575	$ 131,531	$ -	$ (28,044)
General revenues:				
Unrestricted investment earnings				700
Miscellaneous				125
Total general revenues				825
CHANGE IN NET ASSETS				(27,219)
NET ASSETS - BEGINNING				313,741
NET ASSETS - ENDING				$ 286,522

See accompanying notes to the financial statements

FUND FINANCIAL STATEMENTS

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2005

	General Fund
ASSETS	
Cash and cash equivalents	$ 87,212
Prepaid expenditures	6,609
Total assets	$ 93,821
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 4,122
FUND BALANCE	
Designated for equipment purchases	26,559
Unreserved, undesignated	63,140
Total fund balance	89,699
Total liabilities and fund balance	$ 93,821

See accompanying notes to the financial statements

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

GOVERNMENTAL FUNDS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
MARCH 31, 2005

Total governmental fund balances		$ 89,699
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 funds.		
Governmental capital assets	$ 588,970	
Less accumulated depreciation	(392,147)	196,823
Net assets of governmental activities		$ 286,522

See accompanying notes to the financial statements

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2005

	General Fund
REVENUES	
Intergovernmental support	$ 126,825
Interest	700
Insurance	4,706
Miscellaneous	125
Total revenues	132,356
EXPENDITURES	
Public safety	130,651
EXCESS OF REVENUES OVER EXPENDITURES	1,705
FUND BALANCE - BEGINNING OF YEAR	87,994
FUND BALANCE - END OF YEAR	$ 89,699

See accompanying notes to the financial statements

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

Net change in fund balances - total governmental funds	$	1,705
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets		-
Depreciation expense		(28,924)
Change in net assets of governmental activities	$	(27,219)

See accompanying notes to the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Colon Community Fire and Rescue Department conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies establishing GAAP and used by the Department are discussed below.

The Department adopted GASB 34, Basic *Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB 37, Basic *Financial Statements - and Management's Discussion and Analysis - for State and Local Governments Omnibus* as of April 1, 2004. Certain of the significant changes in GASB 34 include the following:

* A Management Discussion and Analysis (MD&A) section providing an analysis of the Department's overall financial position and results of operation has been included with the financial statements.

* Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Department's activities have been provided.

* Capital assets in the governmental activities column of the statement of net assets includes assets totaling $588,970 previously reported in the General Fixed Asset Account Group. In addition, the governmental activities column includes debt obligations totaling $-0- previously reported in the General Long-Term Debt Account Group.

* A change in the fund financial statements to focus on major funds.

The Department also adopted GASB 38, Certain *Financial Statement Note Disclosures*, as of April 1, 2004. GASB 38 modifies note disclosures required by GAAP. The adoption of this change in accounting principles had no effect on the financial condition or result of operations of any of the Department's funds as of and for the year ended March 31, 2005, but did change some of the disclosures required for the notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity

The Colon Community Fire and Rescue Department, by law, is not a separate entity, but a fund shared by the participating governmental units. The Colon Village Board and the Colon Township Board have allowed the Department to report as a separate unit.

The Colon Community Fire and Rescue Department operates under a Chairman - joint board form of government and provides the following services as authorized under its inter-local agreement:

Provide fire and rescue protection services to the Village of Colon and the Township of Colon.

Basis of Accounting - Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Department as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which the governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the Department and for each governmental and component unit program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Some functions, such as administrative and financial services include expenses that are, in essence, indirect expenses of other functions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Department.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available, it is the Department's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Accounting - Fund Financial Statements - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the Department or meets the following criteria:

* Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

* Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Department reports the following major funds:

General Fund - The general fund is the general operating fund of the Department. The fund is used to account for all financial transactions except those required to be accounted for in another fund. Revenues are derived primarily from other governmental units.

The following is a description of the major category and fund type within that category:

Governmental Fund - All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., when they become both measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition - "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Department considers intergovernmental support, interest revenue and charges for sales and services as susceptible to accrual if the amount was due on or before fiscal year end and collection was within one year after year end. Reimbursements due for state and federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made. All other revenue is recognized as payments are received.

Expenditure Recognition - The measurement focus of governmental accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocation of costs, such as depreciation and amortization, are not recognized in the governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following is a description of the governmental fund types of the Department:

General Fund - The general fund is the general operating fund of the Department. The fund is used to account for all financial transactions except those required to be accounted for in another fund. Revenues are derived primarily from other governmental units.

Budgets and Budgetary Accounting - Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the general fund. The Department adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget.

Deposits and Investments - Statutes authorize the primary government and component units to invest in the following:

* In bonds, securities and other obligations of the United States or agency or instrumentality of the United States.

* In certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation, a saving and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.

* In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.

* In United States government of federal agency obligation repurchase agreements.

* In banker's acceptances of United States banks.

* In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

* In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

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

Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/due from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

All trade receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets and Depreciation - Capital assets, which include vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or construction. Contributed assets are recorded 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 also 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:

	Depreciable Life-Years
Machinery and equipment	5-20
Vehicles	5-20

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Department uses financial institutions for cash and cash equivalent purposes, which are in accordance with statutory authority.

The accounts maintained in the financial institutions are checking and savings.

At March 31, 2005, the carrying amount of the Department's deposits was $87,212 and the bank balance was $91,811. The differences between the balances are the result of checks issued by the Department but not yet presented for payment. The risk exposure of all cash and cash equivalents at March 31, 2005, is as follows:

Insured	$ 91,811
Uninsured	-
Total cash and cash equivalents	$ 91,811

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2005, was as follows:

	As Amended Balance April 1, 2004	Additions	Disposals	Balance March 31, 2005
Primary Government				
Governmental activities				
Capital assets, being depreciated:				
Vehicles	$ 523,464	$ -	$ -	$ 523,464
Machinery and equipment	65,506	-	-	65,506
Subtotal	588,970	-	-	588,970
Accumulated depreciation				
Vehicles	333,758	20,423	-	354,181
Machinery and equipment	29,465	8,501	-	37,966
Subtotal	363,223	28,924	-	392,147
Net capital assets being depreciated	$ 225,747			$ 196,823

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public safety	$ 28,924

NOTE 4 - RISK MANAGEMENT

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

NOTE 5 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The annual budget is prepared by the Department management and adopted by the Department Board; subsequent amendments are approved by the Department Board. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. During the current year, the budget was not amended.

The budget has been prepared in accordance with generally accepted accounting principles.

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Department were adopted on a fund level basis.

During the year ended March 31, 2005, the Department incurred no expenditures in excess of the amounts appropriated at the legal level of budgetary control.

REQUIRED SUPPLEMENTAL INFORMATION

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

REQUIRED SUPPLEMENTAL INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2005

	Original and Amended Budget	Actual	Variance With Amended Budget
REVENUES			
Intergovernmental support			
Charges for services			
Colon Township	$ 76,095	$ 76,095	$ -
Colon Village	50,730	50,730	-
Total intergovernmental support	126,825	126,825	-
Insurance	-	4,706	4,706
Interest	-	700	700
Miscellaneous	-	125	125
Total revenues	126,825	132,356	5,531
EXPENDITURES			
Public safety			
Officers wages	17,650	16,650	1,000
Fire and rescue wages	20,800	20,817	(17)
Fire board wages	3,232	2,645	587
Payroll taxes	4,375	3,069	1,306
Office supplies and postage	1,650	2,346	(696)
Gas and oil	2,400	2,443	(43)
Operating supplies	2,900	5,712	(2,812)
Computer expense	2,000	344	1,656
Professional services	4,000	1,665	2,335
Membership and dues	300	255	45
Communication	300	4,124	(3,824)
Transportation	123	580	(457)
Printing and publishing	390	292	98
Workmans Comp insurance	5,600	2,027	3,573
Property and liability insurance	17,000	24,678	(7,678)
Water and sewer	1,000	1,824	(824)
Heat	2,400	2,424	(24)
Electric	2,400	3,533	(1,133)
Telephone	3,200	1,343	1,857
Repairs and maintenance	7,200	11,801	(4,601)

Continued on next page

COLON COMMUNITY FIRE AND RESCUE DEPARTMENT

REQUIRED SUPPLEMENTAL INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2005

	Original and Amended Budget	Actual	Variance With Amended Budget
EXPENDITURES - Continued			
Hydrant rental	13,500	14,451	(951)
Education	6,000	1,515	4,485
Equipment	22,500	5,452	17,048
Miscellaneous	-	661	(661)
Total expenditures	140,920	130,651	10,269
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(14,095)	1,705	15,800
FUND BALANCE - Beginning of year	87,994	87,994	-
FUND BALANCE - End of year	$ 73,899	$ 89,699	$ 15,800