

Michigan Department of Treasury
466 (Rev 03/08)

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Unit Name	Allegan Fire District	County	ALLEGAN	Type	AUTHORITY	MuniCode	03-7-521
Opinion Date	May 23, 2008	Audit Submitted	Jun 19, 2008	Fiscal Year	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

- 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- 5. Did the local unit adopt a budget for all required funds?
- 6. Was a public hearing on the budget held in accordance with State statute?
- 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- 12. Is the local unit free of repeated reported deficiencies from previous years?
- 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
- 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- 18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 323,157.00
General Fund Expenditure:	\$ 344,451.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 32,962.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Steven K.	Last Name	Angle	Ten Digit License Number	1101014653				
CPA Street Address	424Western Ave, Ste A	City	Allegan	State	MI	Zip Code	49010	Telephone	+1 (269) 686-9050
CPA Firm Name	Angle & Steffes, PC	Unit's Street Address	424 Western Ave, Ste A	City	Allegan	Zip Code	49010		

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

ALLEGAN FIRE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

May 23, 2008

To The Allegan Fire District's Fire Board
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Allegan Fire District, Allegan County, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Fire District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Allegan Fire District, Allegan County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

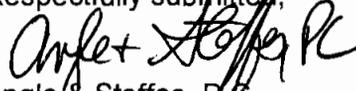
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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 the 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, each major fund, and the aggregate remaining fund information of the Allegan Fire District as of December 31, 2007, and the respective changes in financial position, thereof for the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2008, on our consideration of the Allegan Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of an audit.

The management's discussion and analysis and budgetary comparison information on pages 2 - 3 and 17 through 18 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 supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

This 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 Fire Control Board as a whole and present a long-term view of the Fire Control Board's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Fire Control Board's operations in more detail than the government-wide financial statements.

The Fire District as a Whole

The Allegan Fire District's financial position has remained stable. The fire service charges and community contracts support the operational expenses of maintaining the fire services.

Government Wide Statements

	<u>12 months – 2007</u>	<u>10 months – 2006</u>
<u>Assets</u>		
Current Assets	\$ 114,188	\$ 115,074
Capital Assets	<u>34,164</u>	<u>0</u>
Total Assets	148,352	115,074
<u>Liabilities</u>		
Current Liabilities	<u>23,752</u>	<u>45,171</u>
<u>Net Assets</u>		
Invested in Property and Equipment	34,164	0
Unrestricted	<u>90,436</u>	<u>69,903</u>
Total Net Assets	\$ 124,600	\$ 69,903
<u>Revenues</u>		
Charges for Services	\$ 37,047	\$ 40,668
Operating Contributions	286,110	231,189
Capital Contributions	40,000	40,000
Interest and other revenues	<u>1,827</u>	<u>60</u>
Total Revenues	364,984	311,917
<u>Expenses</u>		
Public Safety	\$ 310,287	\$ 242,014

MANAGEMENT DISCUSSION AND ANALYSIS – (continued)

This report represents an accurate view of the operations of the Allegan Fire District for the year ended 12/31/07. This report consists of a series of financial statements that detail the fiscal liquidity of the Allegan Fire District and the fiduciary responsibility of the Allegan Fire District board and its' Fire Chief. In the second year of operation, the Allegan Fire District was able to set aside substantial monies for the purpose of updating our fire fighting equipment and we were also able to carry over an operational fund balance into 2008.

The Allegan Fire District plans to access some money from the Capital Equipment Fund in 2008 to purchase a new pumper. This is part of our 15 year Equipment Purchasing Plan and budgetary allowances were made in 2007 and for the next 5 years to pay off the purchase of this new and much needed piece of equipment. We expect delivery of the new pumper in the fall of 2008. We were also able to purchase a slightly used vehicle for the Fire Chief in 2007 without the need for financing.

Our firefighters are highly trained and the very best in the area. The Fire Chief has done an outstanding job in assisting the Fire Board and leading his firefighters. We are also fortunate to have a part-time Deputy Chief that is able to help the Chief in maintaining site plans, training, and other administrative duties. The Allegan Fire District and the communities we serve are very fortunate to have this group of dedicated professionals responding to our emergencies.

This financial report is intended to provide our community citizens, taxpayers, customers and investors with a general overview of the Allegan Fire District finances and to show the Fire Board's accountability for the money it receives. Comparative data for the last two years is also included in this report and it demonstrates that the Fire Board continues to be good stewards of the responsibilities of leading and operating this department. If you have any questions about this report or need additional information, we welcome you to contact the Allegan Fire District Chairman.

**ALLEGAN FIRE DISTRICT
GOVERNMENT WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 87,451	\$ 87,451
Investments	0	0
Receivables - net	20,582	20,582
Prepays	6,155	6,155
Capital assets - net	34,164	34,164
 Total Assets	 148,352	 148,352
LIABILITIES		
Accounts payable	4,605	4,605
Accrued and other liabilities	19,147	19,147
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	0	0
 Total Liabilities	 23,752	 23,752
NET ASSETS		
Invested in Capital Assets		
Net of related debt	34,164	34,164
Restricted For		
Public safety	90,436	90,436
 Total Net Assets	 \$ 124,600	 \$ 124,600

The Notes to Financial Statements are an integral part of this statement.

**ALLEGAN FIRE DISTRICT
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Public safety	\$ 310,287	\$ 37,047	\$ 286,110	\$ 40,000	\$ 52,870	\$ 0	\$ 52,870
Total Governmental Activities	310,287	37,047	286,110	40,000	52,870	0	52,870
Total Primary Government	<u>\$ 310,287</u>	<u>\$ 37,047</u>	<u>\$ 286,110</u>	<u>\$ 40,000</u>	<u>52,870</u>	<u>0</u>	<u>52,870</u>
General Revenues							
Investment earnings					1,827	0	1,827
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					<u>1,827</u>	<u>0</u>	<u>1,827</u>
Change in Net Assets					54,697	0	54,697
Net Assets-Beginning					69,903	0	69,903
Net Assets-Ending					<u>\$ 124,600</u>	<u>\$ 0</u>	<u>\$ 124,600</u>

The Notes to Financial Statements are an integral part of this statement.

**ALLEGAN FIRE DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2007**

	General Fund	Capital Equipment Fund	Total Governmental Fund
ASSETS			
Cash and cash equivalents	\$ 45,624	\$ 41,827	\$ 87,451
Investments	0	0	0
Receivables - net	4,935	0	4,935
Due from other funds	0	15,647	15,647
Prepays	6,155	0	6,155
Total Assets	56,714	57,474	114,188
LIABILITIES			
Accounts payable	4,605	0	4,605
Due to other funds	15,647	0	15,647
Deferred revenue	3,500	0	3,500
Total Liabilities	23,752	0	23,752
FUND BALANCES			
Reserved for			
Equipment purchases	0	57,474	57,474
Unreserved	32,962	0	32,962
Total Fund Balances	\$ 32,962	\$ 57,474	\$ 90,436

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 are not reported in the funds.		34,164
Net Assets of Governmental Activities	\$ 124,600	

The Notes to Financial Statements are an integral part of this statement.

**ALLEGAN FIRE DISTRICT
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DECEMBER 31, 2007**

	General Fund	Capital Equipment Fund	Total Governmental Funds
Revenues			
Grants	0	0	0
Contributions from local units	286,110	40,000	326,110
Cost recovery charges	15,047	0	15,047
Service contracts	22,000	0	22,000
Interest and rentals	0	1,827	1,827
Donations	0	0	0
Other revenue	0	0	0
Total Revenues	323,157	41,827	364,984
Expenditures			
Current			
Public safety	308,658	0	308,658
Capital outlay	35,793	0	35,793
Total Expenditures	344,451	0	344,451
Excess of Revenues Over (Under)	(21,294)	41,827	20,533
Other Financing Sources (Uses)			
Transfers in	24,353	0	24,353
Transfers (out)	0	(24,353)	(24,353)
Total Other Financing Sources (Uses)	24,353	(24,353)	0
Excess of Revenue and Other Sources Over (Under)	3,059	17,474	20,533
Expenditures and Other Uses			
Fund Balance- beginning	29,903	40,000	69,903
Fund Balance-ending	<u>\$ 32,962</u>	<u>\$ 57,474</u>	<u>\$ 90,436</u>

The Notes to Financial Statements are an integral part of this statement.

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allegan Fire District was created, effective March 1, 2006, pursuant to the provisions of the State of Michigan's Public Act 33, of 1951, as amended, for the purpose of providing fire protection and related services for the City of Allegan and the Township of Allegan. A Joint Fire Administrative Board, the Allegan Fire District Fire Board, was created to administer and serve the Allegan Fire District as defined in its agreement.

The accounting policies of the Allegan Fire District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Fire District's Activity. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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, as are the proprietary fund and fiduciary fund financial statements. 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.

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, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Equipment Fund is a Special Revenue Fund of the Fire District. The Capital Equipment Fund is used to account for the proceeds of specific revenue that are legally restricted to expenditures for specified purposes.

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Fire District does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be 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-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/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.

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment & Fire Trucks	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

All equipment purchased by the Allegan Fire District shall be the property of the District. Generally, all items and equipment transferred by the participating municipalities for use by the District shall remain the property of the respective participating municipality and lease for all such equipment and items shall be executed between the participating municipality and the District for the annual sum of One Dollar, which lease shall end upon expiration of the agreement. If withdrawal by participating municipalities, then purchased assets are refunded by the District, based on the cost-weighted formula for the last fiscal year that the municipality was part of the Fire District.

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.

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements. Fixed asset acquisitions are recorded by the Fire District.

Governmental Fund Balances	\$ 90,436
Capital Assets, net	<u>34,164</u>
Net Assets of Governmental Activities	<u>\$124,600</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Fire District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Board, therefore, the level of budgetary responsibility is by total appropriations however, for report purposes, this level has been expanded to a functional basis (Public Safety).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year the Local Government Unit did exceed the budget in one line item:

	<u>Budget</u>	<u>Actual</u>
Insurance	23,066	23,106

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 87,451	\$ 87,451

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 87,451
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 87,451</u>

The bank balance of the primary government's deposits is \$87,451 of which \$87,451 is covered by federal depository insurance.

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds		Total
	General Fund	Capital Equip Fund	
Fire Calls Receivable	\$ 57,766	\$ 0	\$ 57,766
Due from other funds	0	15,647	15,647
Less: allowance for uncollectibles	(52,831)	0	(52,831)
Net Receivables	\$ 4,935	\$ 15,647	\$ 20,582

NOTE 6 - CAPITAL ASSETS

Capital Assets purchased by the Allegan Fire District are owned by the Fire District. The Fire District has no authority to levy any tax or to issue any bond or to indebted the participating municipalities except to enforce the agreed upon contributions. The participating municipalities can each raise necessary monies as they see fit according to law.

The Allegan Fire District had capital purchases for the year ended December 31, 2007 as summarized below:

Leasehold Improvements	\$ 9,665
Office Furniture	1,775
Fire Vehicles	24,353
Total	\$ 35,793
Less Accumulated Depreciation	
Leasehold Improvements	(322)
Office Furniture	(89)
Fire Vehicles	(1,218)
Total Accumulated Depreciation	(1,629)
Investment in Capital Assets, net	\$ 34,164

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

<u>Due To/From Other Funds</u> <u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
Capital Equipment Fund	\$ 15,647	General	\$ 15,647
Total	<u>\$ 15,647</u>		<u>\$ 15,647</u>

Interfund balances represent amounts of cash held in the General Fund that are reserved and restricted for the purchase of fire equipment.

Interfund Transfers

<u>Transfers In</u>	<u>Transfers (Out)</u>		<u>Total</u>
	<u>Capital Equipment Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ 24,353	\$ 0	\$ 24,353
Total	<u>\$ 24,353</u>	<u>\$ 0</u>	<u>\$ 24,353</u>

Interfund transfers reflect cash balances used by the funds to purchase capital equipment.

**ALLEGAN FIRE DISTRICT
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 8 - LOCAL UNIT CONTRIBUTIONS & CONTRACT REVENUES

The annual approved budget for operations and capital equipment reserves is supported by contributions from the member units of the Fire District in proportion to their respective share - determined by a formula that incorporates population, taxable value, percentage of fire runs in a unit's area, etc. The City of Allegan contributed a total of \$184,906, which includes \$22,680 in capital equipment restrictions. The Township of Allegan contributed a total of \$141,204, which includes \$17,320 in capital equipment restrictions.

The Fire Board also provides services to the Townships of Monterey, Valley, Trowbridge and Cheshire (non member units).

NOTE 9 - COST RECOVERY ORDINANCE

The Fire District approved a cost recovery ordinance, allowing the district to bill persons, entities, and corporations determined to be responsible for certain assessable services, including materials, equipment, manpower, administration and other costs, including those for injuries or damage to people or property to the situation to which the Allegan Fire District responded.

NOTE 10 - REAL PROPERTY LEASE AGREEMENTS

The Allegan Fire District leases two fire stations, one each from the City of Allegan and the Township of Allegan. The initial building lease, beginning December 7, 2006 and ending December 2016, is renewable for an additional ten year period. For each location, lease payments of One Dollar are due annually on November 1st. The Allegan Fire District is responsible for building utilities, repair and maintenance.

REQUIRED SUPPLEMENTAL INFORMATION

**ALLEGAN FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2007**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 29,904	\$ 29,904	\$ 29,903	\$ (1)
Resources (Inflows)				
Grants	0	0	0	0
Contributions from local units	286,113	286,362	286,110	(252)
Cost recovery charges	30,000	14,266	15,047	781
Service contracts	22,000	22,000	22,000	0
Interest and rentals	0	0	0	0
Donations	0	0	0	0
Miscellaneous revenues	0	0	0	0
Transfers from other funds	40,000	40,000	24,353	(15,647)
Amounts Available for Appropriation	408,017	392,532	377,413	(15,119)
Charges to Appropriations (Outflows)				
Public Safety				
Salaries	124,100	103,401	103,401	0
Payroll taxes	4,456	8,609	8,508	101
Benefits -health, w/c, disb. ins	29,412	28,022	28,022	0
Firemans labor	50,000	41,298	41,298	0
Membership dues	1,000	385	385	0
Operating supplies	10,000	3,870	3,870	0
Utilities	14,000	13,024	13,024	0
Contracts/radio/uniforms	21,500	12,482	12,482	0
Repair & maintenance/fuel	43,000	60,462	60,462	0
Rentals	1,200	1,200	1,200	0
Fitness/training expense	6,000	3,006	3,006	0
Insurance -general	23,445	23,066	23,106	(40)
Legal and professional	7,500	7,430	7,430	0
Miscellaneous/bank service charges	2,500	2,464	2,464	0
Capital outlay				
Other capital outlay	40,000	49,665	35,793	13,872
Total Charges to Appropriations	378,113	358,384	344,451	13,933
Budgetary Fund Balance-December 31	\$ 29,904	\$ 34,148	\$ 32,962	\$ (1,186)

**ALLEGAN FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAPITAL EQUIPMENT FUND
YEAR ENDED DECEMBER 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 40,000	\$ 40,000	\$ 40,000	\$ 0
Resources (Inflows)				
Contributions from local units	40,000	40,000	40,000	0
Interest	<u>0</u>	<u>0</u>	<u>1,827</u>	<u>1,827</u>
Amounts Available for Appropriation	<u>80,000</u>	<u>80,000</u>	<u>81,827</u>	<u>1,827</u>
Charges to Appropriations (Outflows)				
Public Safety				
Capital Outlay	0	0	0	0
Transfers to General Fund	<u>40,000</u>	<u>40,000</u>	<u>24,353</u>	<u>15,647</u>
Total Charges to Appropriations	<u>40,000</u>	<u>40,000</u>	<u>24,353</u>	<u>15,647</u>
Budgetary Fund Balance-December 31	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 57,474</u>	<u>\$ 17,474</u>

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
American Institute of Certified
Public Accountants (AICPA)

Michigan Association of Certified
Public Accountants (MACPA)

424 WESTERN AVENUE, SUITE A
ALLEGAN, MICHIGAN 49010

STEVEN K. ANGLE, CPA
THERESA E. STEFFES, CPA, CGFM

Ph: (269) 686-9050
Fax: (269) 686-9056
email: mail@anglesteffes.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

May 23, 2008

Allegan Fire District
Board of Directors
Allegan, MI 49010

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Allegan Fire District, Allegan, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Fire District's basic financial statements and have issued our report thereon dated May 23, 2008. We conducted our audit on accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Allegan Fire District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allegan Fire District, Allegan, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Allegan Fire District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Allegan Fire District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Allegan Fire District's financial statements that is more than inconsequential will not be prevented or detected by the Allegan Fire District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Allegan Fire District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allegan Fire District, Allegan, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We note certain matters for management's attention and improvement, those control deficiencies that are not considered significant deficiencies or material weaknesses involving internal control:

Chart of Accounts and Fund Reporting

The Allegan Fire District's accounting system does not reflect the required State of Michigan's Chart of Accounts. Fund accounting is not utilized to report the separate capital equipment fund activity in the general ledger and financial statements. The audited financial statements were prepared for management to utilize and reflect this requirement. We have provided the State's chart of accounts guidelines and audited trial balance for your use in correcting this matter. The State of Michigan is very clear. Compliance is required.

Billing of Cost Recovery Activity

During our audit testing, it was noted that the invoicing of cost recovery charges was completed up to three months following the activity. The internal controls were being followed, however, at a time delay which seems likely to affect collectibility. Your attention to this matter is required.

Budget Approval and Documentation

The Board for the Allegan Fire District does monitor expenditures and is aware of fiscal accountability by reviewing its budget. However the budget process is not documented to show the balancing of funds on a line item basis but in discussed overall total. The minutes of the Board should document the specific amendments and be supported with specific line item worksheets that are approved. Your attention is required.

This report is intended solely for the information and use of management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Angle & Steffes, P.C.
Certified Public Accountants
Allegan, Michigan