

ALLEN COMMUNITY
PARK FUND

AUDIT REPORT

JUNE 30, 2006 AND 2007

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* ALLEN COMMUNITY PARK FUND	County* HILLSDALE	Type* OTHER	MuniCode* 30-7-515
Opinion Date-Use Calendar* Sep 19, 2008	Audit Submitted-Use Calendar* Sep 29, 2008	Fiscal Year End Month* 06	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:	<input type="checkbox"/> \$ 3,104.00
General Fund Expenditure:	<input type="checkbox"/> \$ 3,063.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 4,671.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/>

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)* GREG	Last Name* BAILEY	Ten Digit License Number* 1101022915		
CPA Street Address* 479 E CHICAGO ST PO BOX	City* JONESVILLE	State* MI	Zip Code* 49250	Telephone* +1 (517) 849-2410
CPA Firm Name* BAILEY, HODSHIRE & COM	Unit's Street Address* PO BOX 145	Unit's City* ALLEN	Unit's Zip* 49227	

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Bailey, Hodshire
& Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

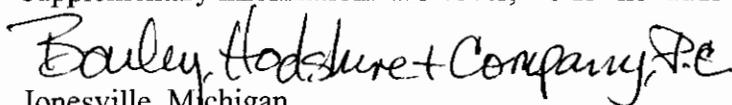
To the Board of Trustees
Allen Community Park Fund
Allen, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Allen Community Park Fund as of and for the years ended June 30, 2006 and June 30, 2007, which collectively comprise the Park Fund's basic financial statements. These financial statements are the responsibility of the Board of Trustees. 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 each major fund of the Allen Community Park Fund as of June 30, 2006, and June 30, 2007, and the respective changes in financial position for the years 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 are not a required part of the basic financial statements, but are supplemental 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.


Jonesville, Michigan
September 19, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Allen Community Park Fund's annual financial report presents the Management's Discussion and Analysis (MD&A) of the Park Fund's financial activities during the fiscal year ended June 30, 2007. The analysis focuses on the Park Fund's financial performance as a whole. It is intended to be read as part of the Park Fund's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Allen Community Park Fund exceeded its liabilities at June 30, 2007, by \$10,827. Of this amount, \$4,671 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The net assets of the Park Fund decreased by \$227 during the year.

USING THIS REPORT

The annual report consists of a series of financial statements including other requirements as follows:

1. Management's Discussion & Analysis introduces the basic financial statements and provides an analytical overview of the Park Fund's financial activities.
2. Government-wide financial statements consist of a *statement of net assets* and a *statement of activities*. These provide information about the activities of the Park Fund as a whole and represent an overall view of the Park Fund's finances.
3. Fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Park Fund's operations in more detail than the government-wide financial statements by providing information about the most significant funds.
4. Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
5. Required supplementary information, other than the MD&A, provides information about the required budgetary comparison information.

REPORTING THE GOVERNMENT AS A WHOLE

The government-wide financial statements report information about the Park Fund as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Park Fund's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

One of the most important questions asked about the Park Fund's finances is: Is the Park Fund as a whole better off or worse off as a result of the year's activities? The statement of net assets and the statement of activities report information on the Park Fund as a whole and its activities in a way that helps answer this question. These statements include *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. The two statements report the Park Fund's *net assets* - - the difference between assets and liabilities - - as one way to measure the Park Fund's financial health, or financial position. Over time, increases or decreases in the Park Fund's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors are also important in making this decision.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE PARK FUND'S MOST SIGNIFICANT FUNDS

The fund financial statements provide detailed information about the Park Fund's most significant funds, not the Park Fund as a whole.

Governmental Funds - All of the Park Fund's basic services are included one governmental fund (General Fund). This fund focuses on how money flows into and out of the fund and the balance at year-end that is available for spending. This fund is reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed, short-term view of the Park Fund's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Park Fund's programs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table shows the Park Fund's net assets as of June 30, 2006, and June 30, 2007:

	<u>6-30-06</u>	<u>6-30-07</u>
ASSETS		
Current assets	\$ 4,630	\$ 4,671
Capital assets, net of accumulated depreciation	<u>6,424</u>	<u>6,156</u>
Total assets	<u>\$ 11,054</u>	<u>\$ 10,827</u>
LIABILITIES	<u>\$ 0</u>	<u>\$ 0</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 6,424	\$ 6,156
Restricted	0	0
Unrestricted	<u>4,630</u>	<u>4,671</u>
Total net assets	<u>\$ 11,054</u>	<u>\$ 10,827</u>

A portion of the Park Fund's net assets is invested in capital assets (e.g. land, infrastructure, buildings, and equipment), less related debt (if any). Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The total unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints, is \$4,671 at June 30, 2007.

The following table provides the Park Fund's change in net assets for the years ended June 30, 2006 and 2007:

	<u>2005-06</u>	<u>2006-07</u>
Program revenue		
Charges for services	\$ 0	\$ 0
Operating grants and contributions	3,060	3,080
Capital grants and contributions	0	0
General revenue		
Interest Income	<u>21</u>	<u>24</u>
Total revenue	<u>\$ 3,081</u>	<u>\$ 3,104</u>
Expenses		
Parks and recreation	<u>2,917</u>	<u>3,331</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 164</u>	<u>\$ (227)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

INDIVIDUAL GOVERNMENTAL FUND ANALYSIS

As the Allen Community Park Fund completed its year, the General Fund reported a fund balance of \$4,671, which is more than the \$4,630 fund balance at June 30, 2006.

BUDGETARY HIGHLIGHTS

A slightly higher than expected interest on checking and donations allowed for higher than anticipated revenues for the year. Although expenditures for mowing and emptying the dumpster were higher than anticipated, lower maintenance expenses and the audit not being completed led to an overall small increase in operating surplus (before depreciation).

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Park Fund's investment in capital assets (park equipment) represents the value of the resources utilized to provide services to citizens. Capital assets totaled \$6,156 (net of accumulated depreciation) at June 30, 2007. See the notes to the financial statements for more information about the Park Fund's capital assets. There was no capital outlay during the year 2006-07.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for fiscal year 2007-08 was based on prior year figures, taking into consideration the unpredictability of donations for the usage of the pavilion. With many people struggling to make ends meet, we anticipate donations to be on the low end.

Expenditures were budgeted similarly to the prior year with the two main exceptions being additional budgeted to cover the audit being due this year, and the raise in wages for the maintenance of the bathrooms.

CONTACTING THE PARK FUND'S MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, creditors, and other interested parties with a general overview of the Park Fund's finances and operating activities. If you have any questions or require additional information, please contact the Allen Community Park Fund, P.O. Box 145, Allen, Michigan 49227.

BASIC FINANCIAL STATEMENTS

ALLEN COMMUNITY PARK FUND
STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS

Current assets

Cash in bank - checking	\$ 4,671
Accounts receivable	<u>0</u>
Total current assets	<u>\$ 4,671</u>

Noncurrent assets

Capital assets

Park equipment	\$ 6,692
Less: accumulated depreciation	<u>(536)</u>
Net capital assets	<u>\$ 6,156</u>

Total assets	<u>\$ 10,827</u>
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LIABILITIES	<u>\$ 0</u>
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NET ASSETS

Invested in capital assets, net of related debt	\$ 6,156
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Unrestricted	<u>4,671</u>
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Total net assets	<u>\$ 10,827</u>
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Total liabilities and net assets	<u>\$ 10,827</u>
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The accompanying notes are an integral part of this statement.

ALLEN COMMUNITY PARK FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Parks & Recreation	\$ 3,331	\$ 0	\$ 3,080	\$ 0	\$ (251)
General Revenues:					
					24
					\$ (227)
					11,054
					<u>\$ 10,827</u>

The accompanying notes are an integral part of this statement.

ALLEN COMMUNITY PARK FUND
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2006 AND JUNE 30, 2007

ASSETS	<u>2006</u>	<u>2007</u>
Cash in bank - checking	\$ 4,630	\$ 4,671
Accounts receivable	<u>0</u>	<u>0</u>
Total assets	<u>\$ 4,630</u>	<u>\$ 4,671</u>
LIABILITIES & FUND BALANCE		
Liabilities		
Accounts payable	\$ 0	\$ 0
Fund balance		
Unreserved	<u>4,630</u>	<u>4,671</u>
Total liabilities and fund balance	<u>\$ 4,630</u>	<u>\$ 4,671</u>

Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2007

Fund Balances - total governmental funds	\$ 4,671
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.	
Add: capital assets	6,692
Deduct: accumulated depreciation	<u>(536)</u>
Net assets of governmental activities	<u>\$ 10,827</u>

The accompanying notes are an integral part of this statement.

ALLEN COMMUNITY PARK FUND
 STATEMENTS OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 FOR THE YEARS ENDED JUNE 30, 2006 AND 2007

REVENUE	<u>2006</u>	<u>2007</u>
Contributions:		
Village of Allen	\$ 1,500	\$ 1,500
Township of Allen	1,500	1,500
Private	60	80
Interest	<u>21</u>	<u>24</u>
Total Revenue	<u>\$ 3,081</u>	<u>\$ 3,104</u>
 EXPENDITURES		
Mowing	\$ 1,698	\$ 2,044
Trash removal	566	656
Operating supplies	12	9
Repairs & maintenance	373	354
Professional fees	0	0
Equipment	<u>6,692</u>	<u>0</u>
Total Expenditures	<u>\$ 9,341</u>	<u>\$ 3,063</u>
 EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	 \$(6,260)	 \$ 41
FUND BALANCE - Beginning	<u>10,890</u>	<u>4,630</u>
FUND BALANCE - Ending	<u>\$ 4,630</u>	<u>\$ 4,671</u>

Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2007

Net changes in fund balances - total governmental funds	\$ 41
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 allocated over their estimated useful lives and reported as depreciation expense.	
Add: capital outlay	0
Deduct: depreciation expense	<u>(268)</u>
Change in net assets of governmental activities	<u>\$ (227)</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ALLEN COMMUNITY PARK FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allen Community Park Fund was created by an agreement in August, 1988, between the Village of Allen and Allen Township for the purpose of developing, operating, and maintaining a park or recreational facility within the municipal boundaries of each entity. The activities of the joint undertaking are governed by a Park and Recreation Board. The Board, consisting of 8 members (4 from each municipal entity), governs the activities of the reporting entity. Reference should be made to the recreational facilities agreement for further details.

The accounting policies of the Allen Community Park Fund conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The following is a summary of significant accounting policies used by the Allen Community Park Fund:

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The statement of net assets and the statement of activities display financial information about the Park Fund as a whole, excluding fiduciary activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Park Fund's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Park Fund.

Fund Financial Statements - Fund financial statements report detailed information about the Park Fund. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds (if any) are aggregated and presented in a single column.

Measurement Focus and Basis of Accounting

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

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 to be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting.

ALLEN COMMUNITY PARK FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

The accounts of the Park Fund are organized into a single fund (General Fund), which is considered a separate accounting entity with a set of self-balancing accounts. The General Fund is to receive its financial support equally from the Village of Allen and Allen Township.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Park Fund maintains a capitalization threshold of \$1,500. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Park equipment	25 years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Park Fund at the line-item level. Any budgetary modifications may only be made by resolution of the Park Board. All annual appropriations lapse at fiscal year end.

The Park Board follows these procedures in establishing its budget as reflected in the financial statements:

- 1) Prior to February 1, the Park Board submits a proposed operating budget to the Village of Allen and Allen Township for the fiscal year commencing on July 1.
- 2) The governing bodies of the Village of Allen and Allen Township notify the Park Board of their approval prior to March 1.
- 2) A public hearing is conducted to obtain taxpayer comments.
- 3) Prior to July 1, the budget is legally enacted through passage of a resolution.
- 4) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary. Any increase to the overall budgeted amount for expenditures requires the approval of the Village of Allen and Allen Township.

ALLEN COMMUNITY PARK FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2006 AND JUNE 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

During the year, the Park Fund incurred expenditures which were in excess of the amounts appropriated, as follows:

<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Mowing	1,700	2,044	344
Trash Removal	575	656	81

NOTE 3 - DEPOSITS AND INVESTMENTS

State law authorizes the Park Fund 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 obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies 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. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of June 30, 2006 and 2007, the Park Fund's deposits are in accordance with statutory authority.

The Park Fund's deposits and investments are subject to several types of risk, which are examined in more detail as follows:

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Park Fund minimizes credit risk by limiting investments to the types of securities allowed by State law. The Park Fund's investment policy puts no further limits on its investment choices.

Concentration of Credit Risk - The Park Fund's investment policy places no limit on the amount the Park Fund may invest in any one issuer.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Park Fund's deposits may not be returned to it. The Park Fund does not have a formal policy for custodial credit risk. At June 30, 2007, the carrying amount of the Park Fund's bank deposits was \$4,671 and the bank's balance was \$1,671. The entire bank balance was covered by federal depository insurance.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Park Fund has no policy that specifically identifies interest rate risk.

Foreign Currency Risk - The Park Fund is not authorized to invest in investments which have this type of risk.

ALLEN COMMUNITY PARK FUND
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2006 AND JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Park Equipment	\$ 6,692	\$ 0	\$ 0	\$ 6,692
Less accumulated depreciation	<u>(268)</u>	<u>(268)</u>	<u>0</u>	<u>(536)</u>
Total capital assets, net	<u>\$ 6,424</u>	<u>\$ (268)</u>	<u>\$ 0</u>	<u>\$ 6,156</u>

Depreciation expense was charged to functions/programs of the Park Fund as follows:

Parks & Recreation	\$ 268
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NOTE 5 - RISK MANAGEMENT

The Park Fund is exposed to various risks of loss related to property loss, torts, and errors/omissions. The Village of Allen and Allen Township have purchased commercial insurance for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, buildings and contents), and other appropriate coverages.

REQUIRED SUPPLEMENTARY INFORMATION

ALLEN COMMUNITY PARK FUND
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final Budget</u>
REVENUE				
Contributions:				
Village of Allen	\$ 1,500	\$ 1,500	\$ 1,500	\$ 0
Township of Allen	1,500	1,500	1,500	0
Private	50	50	60	10
Interest	<u>20</u>	<u>20</u>	<u>21</u>	<u>1</u>
Total Revenue	<u>\$ 3,070</u>	<u>\$ 3,070</u>	<u>\$ 3,081</u>	<u>\$ 11</u>
EXPENDITURES				
Mowing	\$ 1,500	\$ 1,500	\$ 1,698	\$ 198
Trash Removal	500	500	566	66
Operating Supplies	12	12	12	0
Repairs & Maintenance	500	500	373	(127)
Professional Fees	650	650	0	(650)
Equipment	<u>6,692</u>	<u>6,692</u>	<u>6,692</u>	<u>0</u>
Total Expenditures	<u>\$ 9,854</u>	<u>\$ 9,854</u>	<u>\$ 9,341</u>	<u>\$ (513)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$(6,784)	\$(6,784)	\$(6,260)	\$ 524
FUND BALANCE - Beginning	<u>10,890</u>	<u>10,890</u>	<u>10,890</u>	<u>0</u>
FUND BALANCE - Ending	<u>\$ 4,106</u>	<u>\$ 4,106</u>	<u>\$ 4,630</u>	<u>\$ 524</u>

The accompanying notes are an integral part of this statement.

ALLEN COMMUNITY PARK FUND
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final Budget</u>
REVENUE				
Contributions:				
Village of Allen	\$ 1,500	\$ 1,500	\$ 1,500	\$ 0
Township of Allen	1,500	1,500	1,500	0
Private	50	50	80	30
Interest	<u>20</u>	<u>20</u>	<u>24</u>	<u>4</u>
Total Revenue	<u>\$ 3,070</u>	<u>\$ 3,070</u>	<u>\$ 3,104</u>	<u>\$ 34</u>
EXPENDITURES				
Mowing	\$ 1,700	\$ 1,700	\$ 2,044	\$ 344
Trash Removal	575	575	656	81
Operating Supplies	12	12	9	(3)
Repairs & Maintenance	400	400	354	(46)
Professional Fees	850	850	0	(850)
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 3,537</u>	<u>\$ 3,537</u>	<u>\$ 3,063</u>	<u>\$ (474)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (467)	\$ (467)	\$ 41	\$ 508
FUND BALANCE - Beginning	<u>4,630</u>	<u>4,630</u>	<u>4,630</u>	<u>0</u>
FUND BALANCE - Ending	<u>\$ 4,163</u>	<u>\$ 4,163</u>	<u>\$ 4,671</u>	<u>\$ 508</u>

The accompanying notes are an integral part of this statement.

Bailey, Hodshire
& Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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September 19, 2008

Allen Community Park Fund
Allen, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Allen Community Park Fund for the years ended June 30, 2006, and June 30, 2007, and have issued our report thereon dated September 19, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 28, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to Board Member Susan Vavro.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Allen Community Park Fund are described in Note 1 to the financial statements. The requirements of GASB 34 were adopted for the period under audit. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the calculation of depreciation expense on capital assets.

Management's estimate of the depreciation expense is based on estimating the useful lives of capital assets and spreading the assets cost out over their useful lives as depreciation expense. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2008.

Management Consultations with Other Independent Accountants

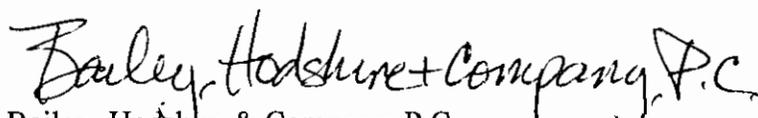
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Park Board, and is not intended to be and should not be used by anyone other than this specified party.

Sincerely,


Bailey, Hodshire & Company, P.C.

Bailey, Modshire & Company, P.C.

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September 19, 2008

Allen Community Park Fund
Allen, Michigan

In planning and performing our audit of the financial statements of the Allen Community Park Fund as of and for the years ended June 30, 2006, and June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Park Fund's internal control over financial reporting (internal control) 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 Park Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Park Fund's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 a combination of control deficiencies, that adversely affects the entity'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 the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control:

Financial Statement Preparation

The Park Fund does not have procedures in place to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, including procedures to record accruals for revenue and expenditures, to track changes in capital assets, and to present required financial statement disclosures. We recognize the time and expense that would be required to obtain the necessary training and expertise to perform this task internally; therefore, we recommend that the Park Board continue to carefully review the draft financial statements and notes prepared by the external auditors prior to approving them and accepting responsibility for their content and presentation.

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 entity's internal control.

Our consideration of the 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we do consider the significant deficiency described above to be a material weakness.

In addition, we noted other matters involving the internal control and its operation that we did not consider to be significant deficiencies or material weaknesses, but are opportunities for improvement in internal control.

Annual Budget

The Park Fund has the same requirements as the Village and Township regarding a public hearing on the budget. We recommend that the required public hearing be advertised and held prior to the adoption of the budget each year. In addition, the budget should be monitored carefully throughout the year and amended when necessary to avoid any over-expenditure.

Investment Policy

The Park Fund should adopt a revised investment policy to comply with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 40.

IRS Reporting

The Internal Revenue Service requires the issuance of Form 1099-MISC for payments of \$600 or more for services provided by individuals or unincorporated businesses (e.g. mowing services). We recommend that the required forms be filed each year that the criteria is met

This communication is intended solely for the information and use of the Park Board, and is not intended to be and should not be used by anyone other than this specified party.

Bailey, Hodshure + Company, P.C.

Jonesville, Michigan

September 19, 2008