

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other				Local Unit Name Mecosta County Parks Commission		County Mecosta	
Fiscal Year End 12/31/06		Opinion Date 1/29/08		Date Audit Report Submitted to State February 20, 2008			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO** Check each applicable box below. (See instructions for further detail.)
- All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - The local unit has adopted a budget for all required funds.
 - A public hearing on the budget was held in accordance with State statute.
 - The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - The local unit only holds deposits/investments that comply with statutory requirements.
 - The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - The local unit is free of repeated comments from previous years.
 - The audit opinion is UNQUALIFIED.
 - The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - The board or council approves all invoices prior to payment as required by charter or statute.
 - To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and 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, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>		
Other (Describe) SAS 112 Letter		<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.			Telephone Number 231-775-9789	
Street Address 134 West Harris Street			City Cadillac	State MI
Authorizing CPA Signature  CPA			Printed Name Scott A. Hunter, C.P.A.	
			License Number 1101009890	

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

DECEMBER 31, 2007

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

DECEMBER 31, 2007

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January 29, 2008

INDEPENDENT AUDITORS' REPORT

To the Members of the Board
Mecosta County Park Commission
Mecosta County, Michigan

We have audited the accompanying financial statements of the business-type activities of the Mecosta County Park Commission, a component unit of Mecosta County, Michigan, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Park Commission's basic financial statements. These financial statements are the responsibility of the Mecosta County Park Commission's management, a component unit of Mecosta County, Michigan. 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 financial position of the business-type activities of the Mecosta County Park Commission, as of December 31, 2007 and 2006, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 5, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mecosta County Park Commission, a component unit of Mecosta County, Michigan. The supplemental financial data is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MECOSTA COUNTY PARK COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Park Commission's financial report presents management's overview and analysis of the Park Commission's financial performance for the fiscal year ended December 31, 2007. This section should be read in conjunction with the financial statements which follow this section.

Financial Highlights

- The assets of the Park Commission exceeded its liabilities at December 31, 2007, by \$1,642,016. Of this amount, \$1,210,642 represents net assets which are invested in capital assets.
- The Parks Commission's total net assets increased by \$37,652.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Park Commission's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the Park Commission report information about the Park Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Assets presents information on all of the Park Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Park Commission is improving or deteriorating. The Statement of Revenue, Expenses and Changes in Net Assets presents information showing how the Park Commission's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

MECOSTA COUNTY PARK COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

The Commission's combined net assets increased 2.4% from a year ago - increasing from \$1,604,364 to \$1,642,016. The table below shows a comparison of the net assets as of the current and prior year:

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets	\$ 590,077	\$ 482,463
Property, Plant and Equipment	2,752,255	2,675,172
Less: Accumulated Depreciation	<u>(1,541,613)</u>	<u>(1,456,186)</u>
TOTAL ASSETS	<u>\$ 1,800,719</u>	<u>\$ 1,701,449</u>
<u>LIABILITIES</u>		
Current Liabilities	\$ 151,603	\$ 81,821
Non-Current Liabilities	<u>7,100</u>	<u>15,264</u>
TOTAL LIABILITIES	\$ 158,703	\$ 97,085
<u>NET ASSETS</u>	<u>1,642,016</u>	<u>1,604,364</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,800,719</u>	<u>\$ 1,701,449</u>

The following table shows the changes in net assets as of the current and prior year:

	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUE</u>	\$ 938,698	\$ 943,478
<u>OPERATING EXPENSES</u>	<u>846,215</u>	<u>870,536</u>
Operating Income Before Depreciation	\$ 92,483	\$ 72,942
Depreciation	<u>(124,334)</u>	<u>(121,231)</u>
Operating Income (Loss)	\$ (31,851)	\$ (48,289)
<u>NON-OPERATING REVENUE (EXPENSE)</u>	<u>27,003</u>	<u>29,056</u>
Income Before Capital Contributions	\$ (4,848)	\$ (19,233)
Capital Grants and Donations - Davis Bridge Park	<u>42,500</u>	<u>0</u>
Changes in Net Assets	\$ 37,652	\$ (19,233)
<u>NET ASSETS - Beginning of Year</u>	<u>1,604,364</u>	<u>1,623,597</u>
<u>NET ASSETS - End of Year</u>	<u>\$ 1,642,016</u>	<u>\$ 1,604,364</u>

MECOSTA COUNTY PARK COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

At the end of 2007, the Park Commission had \$2,752,255 invested in a broad range of capital assets, including buildings, land improvements and machinery and equipment.

Economic Factors and Future Outlook

In 2007 the Park Commission began work on Davis Bridge Park which is scheduled to open in 2008. In total the Park Commission invested over \$115,000 on a wide range of capital improvements.

Request for Information

This financial report is designed to provide a general overview of the Park Commission's finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Mecosta County Park Commission, 22250 Northland Drive, Paris, Michigan 49338.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF NET ASSETS
DECEMBER 31,

	2007	2006
<u>ASSETS</u>		
Current Assets		
Petty Cash	\$ 100	\$ 100
Deposits with Financial Institutions	3,105	8,105
Investments with County of Mecosta	556,690	457,541
Accounts Receivable	3,918	2,520
Grants Receivable	22,500	9,000
Prepaid Expenses	3,764	5,197
	\$ 590,077	\$ 482,463
Property, Plant and Equipment		
Land Improvements	\$ 1,134,825	\$ 1,127,000
Buildings and Improvements	1,058,004	1,039,661
Machinery and Equipment	495,758	508,511
Construction in Progress	63,668	0
Less: Accumulated Depreciation	(1,541,613)	(1,456,186)
	\$ 1,210,642	\$ 1,218,986
	\$ 1,800,719	\$ 1,701,449
	\$ 1,800,719	\$ 1,701,449

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

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF NET ASSETS
DECEMBER 31,

	2007	2006
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 52,151	\$ 32,588
Due to Other Governments	25,430	0
Deferred Revenue	47,561	23,080
Accrued Payroll	9,381	9,371
Accrued Vacation and Sick Pay	17,080	16,782
Total Current Liabilities	\$ 151,603	\$ 81,821
Non-Current Liabilities		
Accrued Vacation and Sick Pay	7,100	15,264
TOTAL LIABILITIES	\$ 158,703	\$ 97,085
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 1,210,642	\$ 1,218,986
Unrestricted	431,374	385,378
Total Net Assets	\$ 1,642,016	\$ 1,604,364
TOTAL LIABILITIES AND NET ASSETS	\$ 1,800,719	\$ 1,701,449

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

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUE</u>		
Charges for Services	\$ 938,698	\$ 943,478
<u>OPERATING EXPENSES</u>		
Personnel Services	\$ 576,275	\$ 593,321
Supplies	54,411	56,851
Other Services and Charges	215,529	220,364
 TOTAL OPERATING EXPENSES	 \$ 846,215	 \$ 870,536
 Operating Income Before Depreciation	 \$ 92,483	 \$ 72,942
 Depreciation	 (124,334)	 (121,231)
 Operating Income (Loss)	 \$ (31,851)	 \$ (48,289)
<u>NON-OPERATING REVENUE (EXPENSE)</u>		
Interest Income	\$ 23,850	\$ 25,122
Sale of Supplies	295	1,276
Operating Grants	800	0
Other Income	2,058	2,658
 TOTAL NON-OPERATING REVENUE (EXPENSE)	 \$ 27,003	 \$ 29,056
 Income (Loss) Before Capital Contributions	 \$ (4,848)	 \$ (19,233)
 Capital Grants and Donations - Davis Bridge Park	 42,500	 0
 Change in Net Assets	 \$ 37,652	 \$ (19,233)
 <u>NET ASSETS</u> - Beginning of Year	 <u>1,604,364</u>	 <u>1,623,597</u>
 <u>NET ASSETS</u> - End of Year	 <u>\$ 1,642,016</u>	 <u>\$ 1,604,364</u>

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

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 937,300	\$ 940,484
Cash Payments to Suppliers for Goods and Services	(228,513)	(295,928)
Cash Payments to Employees for Services	(554,919)	(593,746)
	<hr/>	<hr/>
Net Cash Provided (Used) for Operating Activities	\$ 153,868	\$ 50,810
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Acquisitions and Construction of Capital Assets	\$ (117,182)	\$ (151,475)
Proceeds from sale of assets	1,460	0
Other Revenue Received	2,353	3,934
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ (113,369)	\$ (147,541)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest on Investments	\$ 23,850	\$ 25,122
Proceeds from State Grants and Donations	29,800	16,927
Sale (Purchase) of Investments	(99,149)	59,707
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ (45,499)	\$ 101,756
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (5,000)	\$ 5,025
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	8,205	3,180
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 3,205	\$ 8,205
	<hr/> <hr/>	<hr/> <hr/>

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

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (31,851)	\$ (48,289)
Adjustments to reconcile Operating Income To Net Cash Provided by Operating Activities		
Depreciation	\$ 124,334	\$ 121,231
Gain on Sale of Assets	(268)	0
(Increase) Decrease in Current Assets		
Accounts Receivable	(1,398)	772
Prepaid Expense	1,433	(1,102)
Increase (Decrease) in Current Liabilities		
Accounts Payable	19,563	(17,602)
Due to Other Governments	25,430	0
Deferred Revenue	24,481	(3,775)
Accrued Payroll	10	1,861
Accrued Vacation and Sick Pay	(7,866)	(2,286)
Total Adjustments	\$ 185,719	\$ 99,099
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 153,868	\$ 50,810

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

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mecosta County Park Commission is a Component Unit of Mecosta County, Michigan, according to the criteria set forth by the Governmental Accounting Standards Board (GASB) Statement 14. The Commission is governed by a ten member board, appointed by the Mecosta County Commission.

The financial statements of Mecosta County Park Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Mecosta County Park Commission have been presented in accordance with generally accepted principles of accounting as applicable to Enterprise Funds. Enterprise Funds are a type of proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Park Commission applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

C. Assets, Liabilities and Equity

1. Inventory and Prepaid Items

The Park Commission does not maintain any inventory. Supply inventories are not significant and are expensed as acquired.

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

2. Fixed Assets and Depreciation

Fixed assets are stated at cost. Contributed property is stated at fair market value at the date of receipt. Costs relating to maintenance and repairs are charged to expense, whereas those for renewals and betterments, when significant in amount, are capitalized.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Depreciation of all exhaustible fixed assets used by Enterprise Funds is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and Land Improvements	10-40 years
Equipment	5-10 years

3. Compensated Absences

Using the criteria established in Governmental Accounting Standards Board (GASB) Statement 16, a liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee should be accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer should be accounted for in the period those services are rendered or those events take place. Criteria for recognition of these two basic types of compensated absences are as follows:

- (a) Vacation and Similar Leave Absences - should be accrued as a liability as the benefits are earned by the employees if both of these conditions are met:
 - (i) The employees' rights to receive compensation are attributable to services already rendered.
 - (ii) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

- (b) Sick and Similar Leave Absences - should be accrued using one of the following termination approaches:
 - (i) Under the Termination Payment Method, a liability should be accrued as the benefits are earned by the employees if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.

 - (ii) Under the Vesting Method, a liability should be based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payment, as well as other employees who are expected to become eligible in the future to receive such payments.

Sick pay is accrued under the Termination Payment Method. It is the Park Commission's policy to permit employees to accumulate earned but unused sick and vacation pay. Amounts estimated to be payable within one year are shown as current liabilities and remaining amounts are classified as non-current liabilities.

At December 31, 2007 and 2006, the vacation and sick benefits accrued were \$24,180 and \$32,046 respectively.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

4. Deferred Revenue

Deferred Revenue is the amount of revenue received in the current year for future camping permits, picnic deposits, and family group camp. The amount is recorded as a liability on the statement of net assets. It will be recognized as revenue when it is earned.

II. DETAILED NOTES ON FUND

A. Deposits and Investments

Investment rate risk. The Park Commission will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Park Commission's cash requirement.

Foreign currency risk. The Park Commission is not authorized to invest in investments, which have this type of risk.

Credit risk. The Park Commission will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Park Commission's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Park Commission will do business in accordance with the Park Commission's investment policy.

Concentration of credit risk. The Park Commission will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Park Commission's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2007, the carrying amount of the Park Commission's deposits was \$3,105 and the bank balance of \$6,131 of which \$6,131 was covered by federal depository insurance and \$0 was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end the Park Commission held no investments.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

At year-end, the Park Commission's carrying amount of cash and investments was as follows:

	<u>2007</u>	<u>2006</u>
Petty Cash	\$ 100	\$ 100
Deposits with Financial Institutions		
Payroll Checking Account	\$ 1,549	\$ 1,549
Receiving Checking Accounts	200	5,200
Operations and Maintenance Account	1,356	1,356
Subtotal - Deposits with Financial Institutions	<u>\$ 3,105</u>	<u>\$ 8,105</u>
Deposits with County Treasurer	<u>\$ 556,690</u>	<u>\$ 457,541</u>
Total Carrying Amount	<u><u>\$ 559,895</u></u>	<u><u>\$ 465,746</u></u>

The Commission has \$556,690 of deposits with Mecosta County at December 31, 2007. The funds are held at various financial institutions and are invested in certificate of deposits. Interest is earned at varying rates depending on date of purchase and length of issue. Interest earned is based on the Park Commission's proportionate share of the total invested in the program. These deposits are not covered by federal depository insurance.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

B. Property, Plant, and Equipment

A summary of the Property, Plant, and Equipment at December 31, 2007 follows. Depreciation has been provided over the estimated useful lives using the straight line method.

	December 31, 2006	Additions	Deletions	December 31, 2007
Land Improvements	\$ 1,127,000	\$ 7,825	\$ 0	\$ 1,134,825
Buildings and Improvements	1,039,661	18,343	0	1,058,004
Machinery and Equipment	508,511	27,346	40,099	495,758
Construction in Progress	0	63,668	0	63,668
	<u>\$ 2,675,172</u>	<u>\$ 117,182</u>	<u>\$ 40,099</u>	<u>\$ 2,752,255</u>
Less Accumulated Depreciation for:				
Improvements	\$ 747,909	\$ 32,183	\$ 0	\$ 780,092
Buildings and Improvements	347,557	48,225	0	395,782
Machinery and Equipment	360,720	43,926	38,907	365,739
	<u>\$ 1,456,186</u>	<u>\$ 124,334</u>	<u>\$ 38,907</u>	<u>\$ 1,541,613</u>
Net Property Plant and Equipment	<u>\$ 1,218,986</u>	<u>\$ (7,152)</u>	<u>\$ 1,192</u>	<u>\$ 1,210,642</u>

	PURCHASED WITH COMMISSION FUNDS	ACQUIRED WITH GRANT FUNDS	TOTAL
Land Improvements	\$ 924,052	\$ 210,773	\$ 1,134,825
Building and Improvements	968,004	90,000	1,058,004
Machinery and Equipment	495,758	0	495,758
Construction in Progress	41,168	22,500	63,668
	<u>\$ 2,428,982</u>	<u>\$ 323,273</u>	<u>\$ 2,752,255</u>
Less			
Accumulated Depreciation	<u>(1,383,224)</u>	<u>(158,389)</u>	<u>(1,541,613)</u>
Net Property, Plant and Equipment	<u>\$ 1,045,758</u>	<u>\$ 164,884</u>	<u>\$ 1,210,642</u>

Depreciation expense recognized by the Commission totaled \$124,334 and \$121,231 for the years ended December 31, 2007 and 2006, respectively.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

C. Commitments

1. Operating Leases

Mecosta County Park Commission leases the land for Brower Park. The Park Commission entered into a lease with Consumers Energy Company dated October 16, 1999 that extends from May 1, 1999 until May 1, 2024. Rent is paid annually and is to be based on an allocation of the annual expenses the Lessor expects to incur in administering the various leases, licenses, and license agreements that Lessor expects to have in place for its FERC - regulated hydro project lands. The rental amount currently is set at \$2,400 per year and shall be revised every fifth year during the term of the lease, based on projected data for the year of the revision.

The following is a schedule of the future minimum lease payments required under the operating lease which has initial or remaining noncancelable lease terms in excess of one year as of December 31, 2007. The amount for the year ended December 31, 2008 and after is subject to changes based on the agreement discussed above.

<u>YEAR ENDED DECEMBER 31,</u>	<u>AMOUNT</u>
2008	\$ 2,400
2009	2,400
2010	2,400
2011	2,400
2012	2,400
2013-2017	12,000
2018-2022	12,000
2023-2024	4,800
	<hr/>
	\$ 40,800
	<hr/>

2. Capital Improvement - Brower Park

According to the lease agreement with Consumers Energy Company for the land used for Brower Park, the Park Commission is required to contribute \$20,000 each year into a capital account. The cap on the amount contributed to the capital account is \$100,000. On each 5-year anniversary date of the lease, the annual capital account contribution shall be adjusted to reflect the change in the consumer price index.

Capital improvement expenditures at Brower Park reduce the balance in the capital account. As of December 31, 2007, the capital improvement expenditures have exceeded the required annual contributions to the capital account. Therefore, the balance in the capital account is negative so there is no bank account holding the balance. The following is a schedule of the activity in the capital account.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

<u>YEAR ENDED DECEMBER 31,</u>	<u>ANNUAL</u> <u>CONTRIBUTION</u>	<u>BROWER</u> <u>PARK</u> <u>CAPITAL</u> <u>IMPROVEMENTS</u>	<u>CAPITAL</u> <u>ACCOUNT</u> <u>BALANCE</u>
1997	\$ 20,000	\$ (25,718)	\$ (5,718)
1998	20,000	(190,419)	(176,137)
1999	20,000	(11,311)	(167,448)
2000	20,000	(129,654)	(277,102)
2001	20,000	(90,300)	(347,402)
2002	20,000	(29,368)	(356,770)
2003	20,000	(19,397)	(356,167)
2004	20,000	(31,050)	(367,217)
2005	20,000	(267,173)	(614,390)
2006	20,000	(57,086)	(651,476)
2007	20,000	(1,380)	(632,856)
	<u>\$ 220,000</u>	<u>\$ (852,856)</u>	

3. Retirement Commitments

Some of the Commission's employees are participants in the Michigan Municipal Employees Retirement System (MERS) through Mecosta County. This is an agent multiple-employer defined benefit pension plan administered by the State of Michigan. Separate information on funding status and progress for the Commission's employees is not available. Complete pension disclosures for the entire plan can be found in the comprehensive annual financial report of Mecosta County. Copies of the report are available at the County Offices. Pension expense was \$13,164 and \$12,240 for the years ended December 31, 2007 and 2006 respectively.

Beginning in 2004 most employees are no longer participants in the MERS program. They are now participants in a 401(a) defined contribution pension plan through ICMA Retirement Corporation. For the year ending December 31, 2007 and 2006, the Park Commission has contributed 9% of covered payroll which amounted to \$10,925 and \$11,427, respectively.

D. 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.

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

E. Risk Management

The Commission is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Commission is covered under Mecosta County's insurance policy to cover these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission.

MECOSTA COUNTY PARK COMMISSION

(A Component Unit of Mecosta County)

SUPPLEMENTAL FINANCIAL DATA

COMBINING SCHEDULE OF REVENUE AND EXPENSES

YEAR ENDED DECEMBER 31, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2006

	BROWER PARK	SCHOOL SECTION PARK	MERRILL PARK	PARIS PARK	TUBBS PARK	HAYMARSH CAMPGROUND	ADMINISTRATION	TOTALS (MEMORANDUM ONLY)	
								2007	2006
<u>OPERATING REVENUE</u>									
Charges for Services									
Camping	\$ 371,875	\$ 158,598	\$ 78,679	\$ 41,800	\$ 22,850	\$ 6,438	\$ 0	\$ 680,240	\$ 689,610
Boat Ramp Permits									
Daily Permits	7,770	0	0	1,197	0	0	0	8,967	8,909
Seasonal Permits	13,600	0	0	0	0	0	0	13,600	13,400
Admissions									
Daily Permits	23,655	21,745	3,350	1,815	0	0	0	50,565	52,250
3-Day Permits	7,854	5,236	2,156	3,122	0	0	0	18,368	14,658
Seasonal Permits	53,940	34,680	10,700	4,900	0	0	0	104,220	110,000
Youth Camp	0	13,586	0	0	0	0	0	13,586	11,795
Cash Over (Short)	120	44	14	0	0	0	0	178	(989)
Concession Revenue	19,516	9,529	6,101	4,899	0	0	0	40,045	35,186
Hatchery Lease	0	0	0	0	0	0	0	0	500
Paris Ponds	0	0	0	3,108	0	0	0	3,108	2,468
Picnic Reservations	0	3,825	150	250	0	0	0	4,225	4,175
Rental Income	36	0	0	0	0	0	1,560	1,596	1,516
TOTAL OPERATING REVENUE	\$ 498,366	\$ 247,243	\$ 101,150	\$ 61,091	\$ 22,850	\$ 6,438	\$ 1,560	\$ 938,698	\$ 943,478
<u>OPERATING EXPENSES</u>									
Personnel Services									
Salaries and Wages	\$ 107,532	\$ 82,063	\$ 55,265	\$ 38,995	\$ 491	\$ 179	\$ 165,154	\$ 449,679	\$ 443,694
Fringe Benefits and Payroll Tax	30,125	13,926	9,624	9,985	46	18	54,110	117,834	142,307
Employee Education and Other Employee Expenses	3,245	1,286	1,306	398	0	0	2,527	8,762	7,320
Supplies									
Office Supplies	5,027	506	219	70	210	210	2,300	8,542	8,071
Supplies	17,455	3,456	2,259	2,609	0	0	9,802	35,581	39,513
Concession Purchases	3,488	1,693	640	2,998	0	0	0	8,819	8,680
Small Tools	76	8	19	0	0	0	1,027	1,130	467
Radio Equipment	0	120	139	80	0	0	0	339	120
Other Services and Charges									
Freight and Postage	608	73	37	7	0	0	475	1,200	1,276
Licenses	550	550	345	270	220	195	60	2,190	998
Maintenance and Repairs	20,642	11,758	3,021	3,528	655	215	6,535	46,354	46,666
Waste Disposal	2,717	3,100	893	480	376	220	606	8,392	6,761
Outside Services	6,609	2,259	989	2,150	251	125	296	12,679	11,755

MECOSTA COUNTY PARK COMMISSION
(A Component Unit of Mecosta County)
SUPPLEMENTAL FINANCIAL DATA

COMBINING SCHEDULE OF REVENUE AND EXPENSES
YEAR ENDED DECEMBER 31, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2006

	BROWER PARK	SCHOOL SECTION PARK	MERRILL PARK	PARIS PARK	TUBBS PARK	HAYMARSH CAMPGROUND	ADMINISTRATION	TOTALS (MEMORANDUM ONLY)	
								2007	2006
Telephone	1,459	1,156	703	589	0	64	2,872	6,843	8,173
Mileage	72	0	0	0	0	0	2,972	3,044	3,049
Travel and Conferences	0	0	0	0	0	0	352	352	1,133
Advertising	5,030	1,126	231	58	0	0	982	7,427	8,351
Programs and Events	370	0	12	0	0	0	0	382	1,843
Insurance	19,219	2,261	905	226	0	0	0	22,611	20,067
Utilities	33,827	22,274	13,642	7,517	0	0	6,308	83,568	85,603
Contracted Maintenance	530	2,000	1,975	800	805	210	5,116	11,436	12,068
Equipment Rental	0	77	0	0	0	0	0	77	280
Miscellaneous	366	175	14	6	22	0	195	778	1,650
Refunds	270	1,117	337	980	85	0	0	2,789	5,241
Bad Debt Expense	0	0	0	0	0	0	420	420	0
Permits and Easements	4,112	200	200	200	275	0	0	4,987	5,450
TOTAL OPERATING EXPENSES	\$ 263,329	\$ 151,184	\$ 92,775	\$ 71,946	\$ 3,436	\$ 1,436	\$ 262,109	\$ 846,215	\$ 870,536
Operating Income (Loss)									
Before Depreciation	\$ 235,037	\$ 96,059	\$ 8,375	\$ (10,855)	\$ 19,414	\$ 5,002	\$ (260,549)	\$ 92,483	\$ 72,942
Depreciation	(53,167)	(18,864)	(12,243)	(13,816)	(511)	(228)	(25,505)	(124,334)	(121,231)
Operating Income (Loss)	\$ 181,870	\$ 77,195	\$ (3,868)	\$ (24,671)	\$ 18,903	\$ 4,774	\$ (286,054)	\$ (31,851)	\$ (48,289)
NON-OPERATING REVENUE (EXPENSE)									
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,850	\$ 23,850	\$ 25,122
Sale of Supplies	0	0	0	0	0	0	295	295	1,276
Operating Grants	400	400	0	0	0	0	0	800	0
Other Income (Expense)	360	330	690	300	0	0	378	2,058	2,658
Total Non-Operating Revenue (Expense)	\$ 760	\$ 730	\$ 690	\$ 300	\$ 0	\$ 0	\$ 24,523	\$ 27,003	\$ 29,056
Net Income (Loss) Before Administration/ Overhead Allocations	\$ 182,630	\$ 77,925	\$ (3,178)	\$ (24,371)	\$ 18,903	\$ 4,774	\$ (261,531)	\$ (4,848)	\$ (19,233)
Allocated Revenue (Expense)									
Administration Revenue Allocation	\$ 20,845	\$ 2,452	\$ 981	\$ 245	\$ 0	\$ 0	\$ (24,523)	\$ (0)	\$ 0
Overhead Expense Allocation	(243,146)	(28,605)	(11,442)	(2,861)	0	0	286,054	0	0
Total Allocated Revenue (Expense)	\$ (222,301)	\$ (26,153)	\$ (10,461)	\$ (2,616)	\$ 0	\$ 0	\$ 261,531	\$ (0)	\$ 0
Income (Loss) Before Capital Contributions	\$ (39,671)	\$ 51,772	\$ (13,639)	\$ (26,987)	\$ 18,903	\$ 4,774	\$ 0	\$ (4,848)	\$ (19,233)

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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January 29, 2008

To the Members of the Board
Mecosta County Park Commission
Mecosta County, Michigan

In planning and performing our audit of the financial statements of the business-type activities of the Mecosta County Park Commission, a component unit of Mecosta County, Michigan, as of and for the years ended December 31, 2007 and 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Mecosta County Park Commission'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 governmental unit's internal control. Accordingly we do not express an opinion on the effectiveness of the governmental unit'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 and other deficiencies that we consider to be material weaknesses.

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 deficiencies to be significant deficiencies in internal control:

1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Commission makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or a 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. We believe that the deficiencies described above constitute material weaknesses.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.