

CHESANING-BRADY  
JOINT BUILDING AUTHORITY

FINANCIAL STATEMENTS  
AND AUDITORS' REPORT

MARCH 31, 2007

### 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 Chesaning-Brady Fire Board		County Saginaw	
Fiscal Year End March 31, 2007		Opinion Date November 1, 2007		Date Audit Report Submitted to State 12-5-07			

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.)

1.   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.
2.   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.
3.   The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.   The local unit has adopted a budget for all required funds.
5.   A public hearing on the budget was held in accordance with State statute.
6.   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.
7.   The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.   The local unit only holds deposits/investments that comply with statutory requirements.
9.   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).
10.   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.
11.   The local unit is free of repeated comments from previous years.
12.   The audit opinion is UNQUALIFIED.
13.   The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.   The board or council approves all invoices prior to payment as required by charter or statute.
15.   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 checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Demis & Wenzlick, P.C.		Telephone Number 989-723-8227		
Street Address 217 N. Washington St, Suite 201		City Owosso	State MI	Zip 48867
Authorizing CPA Signature 		Printed Name James Demis Jr, CPA		License Number 1101008874

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CHESANING-BRADY JOINT BUILDING AUTHORITY  
LIST OF APPOINTED OFFICIALS  
MARCH 31, 2007

COMMISSION

Jack Barrett  
Jeff Roy  
Ray Radosa  
Daniel Ryan

Member  
Member  
Member  
Chairman

ADMINISTRATIVE OFFICERS

Sherry Parker

Secretary/Treasurer



# DEMIS and WENZLICK, P.C.

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LaVearn G. Wenzlick, C.P.A.  
Lori S. Chant, C.P.A.  
Geraldine Terry, C.P.A.

Tracy Bublitz  
Vickie Clayton  
Carol Demis  
Jeannette Gaitskill  
Kathy Kimmerer  
Erica Marks  
Janis Mead  
Tammy Pappas  
David Pullen  
Dean Roach  
Vicki Schuler  
Joyce Simmons  
Barbara Wenzlick

## INDEPENDENT AUDITORS' REPORT

Members of the Commission  
Chesaning-Brady Joint Building Authority  
Chesaning, Michigan

We have audited the accompanying financial statements of the Chesaning-Brady Joint Building Authority, a component unit of the Chesaning-Brady Fire Administrative Board, as of and for the year ended March 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's 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 also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Chesaning-Brady Joint Building Authority, a component unit of the Chesaning-Brady Fire Administrative Board as of March 31, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented the Management Discussion and Analysis, that the Governmental Accounting Standards Board in its Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments has determined necessary to supplement, although not required to be part of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a reported dated November 1, 2007 on our consideration of the Chesaning-Brady Joint Building Authority's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chesaning-Brady Joint Building Authority's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Dennis and Delongue, PC*

Certified Public Accountants

Owosso, Michigan  
November 1, 2007

## BASIC FINANCIAL STATEMENTS

CHESANING-BRADY JOINT BUILDING AUTHORITY  
STATEMENT OF NET ASSETS  
MARCH 31, 2007

ASSETS

Capital and Cash Equivalents	\$ 15,020
Capital Assets (Net)	<u>788,411</u>
TOTAL ASSETS	<u>\$803,431</u>

LIABILITIES

Bonds Payable – Due Within One Year	\$ 10,000
Noncurrent Liabilities:	
Due Beyond One Year	<u>346,000</u>
TOTAL LIABILITIES	<u>\$356,000</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$432,411
Unrestricted	<u>15,020</u>
TOTAL NET ASSETS	<u>\$447,431</u>

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2007

	<u>Expenses</u>	<u>Charges For Services</u>	<u>Program Revenues Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Net (Exp) and Revenue Changes in Net Assets Total Governmental Activities</u>
Functions/Programs					
Governmental Activities:					
Other Functions – Building Authority	<u>\$1,777</u>	\$__	\$__	\$__	\$_(1,777)
	<u>\$1,777</u>	\$__	\$__	\$__	\$_(1,777)
General Revenues					
Transfer – Investment in Capital Assets					\$249,208
Transfers – Cash					<u>200,000</u>
TOTAL GENERAL REVENUES					<u>\$449,208</u>
Change in Net Assets					\$447,431
Net Assets – Beginning					_____
NET ASSETS – ENDING					<u>\$447,431</u>

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
BALANCE SHEET  
MARCH 31, 2007

	Governmental <u>Activities</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$15,020</u>
FUND BALANCE:	
Unrestricted	<u>\$15,020</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$15,020</u>

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
GOVERNMENTAL FUND  
RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUND  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
MARCH 31, 2007

Total Fund Balances for Governmental Funds \$ 15,020

Capital Assets used in Governmental Activities are not financial  
resources and therefore are not reported in the funds 788,411

Long-term liabilities applicable to governmental activities are not  
due and payable in the current period and accordingly are not  
reported as fund liabilities. All liabilities – both current and  
long-term – are reported in the statement of net assets

Balances as of March 31, 2007 are as follows:

Bonds Payable (356,000)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 447,431

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
 GOVERNMENTAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 YEAR ENDED MARCH 31, 2007

REVENUES:

Interest Income	\$
Rental Income	_____
<b>TOTAL REVENUES</b>	<b>\$</b>

EXPENDITURES:

Capital Expenditures:	
Building	\$539,203
Debt Service:	
Interest Expense	_____1,777
<b>TOTAL EXPENDITURES</b>	<b>\$540,980</b>

OTHER FINANCING SOURCES (USES):

Transfer In	\$200,000
Bond Proceeds	<u>356,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>\$556,000</u></b>

NET CHANGE IN FUND BALANCE \$ 15,020

Fund Balance – Beginning \_\_\_\_\_

**FUND BALANCE – ENDING **\$ 15,020****

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
 GOVERNMENTAL FUND  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED MARCH 31, 2007

Net Change in Fund Balances – Total Governmental Funds	\$ 15,020
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds	
Transfer of Building and Land from Fire Board	249,208
Proceeds from Bonds	(356,000)
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.	
Depreciation Expense	0
Capital Expenditures – Building	539,203
Repayment of principal is an expenditure in the government funds but reduces the liability in the Statement of Net Assets	
Repayment of Long-Term Debt	0
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Change in Accrued Interest	_____
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$447,431</u></b>

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Chesaning-Brady Joint Building Authority was incorporated in January, 2005, under the provisions of Act 31, P.A. 1948, as amended. The incorporating Townships each hold a percentage share of the project. The percentage share of Brady Township is 32.5% and the percentage share of Chesaning Township is 67.5%. The Authority operates under a commission of members as appointed by the Township Boards of Chesaning and Brady. The powers and duties of the Authority are to acquire, furnish, equip, own, improve, enlarge, operate, lease, sell, mortgage, convey, and/or maintain a building or buildings, automobile parking lots or structures, recreational facilities, stadiums, and the necessary site or sites therefore, together with the appurtenant properties and facilities necessary or convenient for the purposes of the Incorporating Townships.

REPORTING ENTITY

The financial reporting entity of the Chesaning-Brady Joint Building Authority is included in the general purpose financial statements of its primary government, the Chesaning-Brady Fire Administrative Board, as a discretely presented component unit. The decision to include the component unit in the primary government reporting entity was made by applying the criteria set forth in Statement 14 of the Governmental Accounting Standards Board (GASB), the Financial Reporting Entity as well as the Statement of Michigan Governmental Accounting and Auditing No. 5, which defines the reporting of primary government and component unit activities. The basic criterion for including a governmental department agency, institution, commission, public authority or other governmental organization in a primary governmental unit's general purpose financial statements is the exercise of financial responsibility over such agencies by the governmental unit's elected officials, the selection of the governing authority, the designation of management, and the ability to exercise significant influence over operations.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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 properly excluded from program revenue are reported as general revenues.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENTS PRESENTATION  
(CONTINUED)

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 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 are recorded only when payment is due.

BUDGETS AND BUDGETARY ACCOUNTING

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget is approved by the Commissioners prior to the beginning of the year. The operating budget for the fiscal year beginning on the following April 1, includes proposed expenditures and the means of financing them.
2. Any revisions that alter the total expenditures of the Authority must be approved by the Commission.
3. The budget for the General Fund was adopted on the basis prescribed in P.A. 621 of 1978, as amended, which is consistent with accounting principles generally accepted in the United States of America. The budget of the General Fund is adopted on a fund basis; thus expenditures may not legally exceed the budgeted total for the fund.
4. The budget is presented as originally adopted. All appropriations lapse at fiscal year end.

RECEIVABLES

Receivables are recognized for all significant amounts due the Authority. Valuation reserves have not been provided for since collection is not considered doubtful and any uncollected amounts would be immaterial. At year end, the Authority had no receivables.

ENCUMBRANCES

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

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 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.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

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

Building Improvements	15 to 40 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

COMPENSATED ABSENCES (VACATION AND SICK LEAVE)

The Authority does not have a policy for paid vacation or sick leave. There are no expenditures recorded for sick leave or vacation pay.

LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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.

NOTE 2 – CASH AND INVESTMENTS

State statutes authorize the Authority to invest its surplus funds in the following investments: certificates of deposit; savings accounts and deposit accounts with banks which are members of the Federal Deposit Insurance Corporation (FDIC); savings and loan associations which are insured by the FDIC; credit unions which are insured by NCUA; bonds, bills or notes to the United States; commercial paper rated in the three highest rate classifications established; U.S. Government or federal agency obligation repurchase agreements composed of eligible collateral whose market value must be maintained equal to or greater than the amounts advanced, and with an undivided interest; and mutual funds and investment pools composed entirely of investments which are legal for direct investment by local units of government in Michigan.

At March 31, 2007, bank deposits amounted to \$15,020 and the Authority's carrying amount was \$15,020. Of that amount, \$15,020 was covered by FDIC Insurance.

CHESANING-BRADY JOINT BUILDING AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 MARCH 31, 2007

NOTE 3 – CAPITAL ASSETS

Capital assets activity of the Authority for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building	\$	\$716,411	\$	\$716,411
Land		72,000		72,000
Accumulated Depreciation				
Net Capital Assets	<u>\$</u>	<u>\$803,431</u>	<u>\$</u>	<u>\$803,431</u>

NOTE 4 – CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt of the Authority for the year ended March 31, 2007.

On October 26, 2006, the Authority took the first draw of a bond issuance totaling \$1,015,000. The money will be used to build a new fire building.

The Building Authority Bonds are due in annual installments of \$10,000 to \$52,000 through October 2046, plus interest of 4.375% payable semi-annually.

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Payments</u>	<u>Ending Balance</u>
Building Authority Bonds	\$	\$356,000	\$	\$356,000

Annual requirements to pay future principal and interest are:

<u>October 1</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 10,000	\$ 22,203
2008	10,000	43,969
2009	11,000	43,531
2010	11,000	43,050
2011	12,000	42,569
2012 – 2016	66,000	204,663
2017 – 2021	82,000	188,912
2022 – 2026	101,000	169,356
2027 – 2031	125,000	145,250
2032 – 2036	155,000	115,456
2037 – 2041	192,000	78,444
2042 – 2046	<u>240,000</u>	<u>54,578</u>
	<u>\$1,015,000</u>	<u>\$1,151,981</u>

CHESANING-BRDY JOINT BUILDING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE 5 – RELATED PARTY LEASE

The Chesaning-Brady Joint Building Authority signed a lease on August 1, 2006 with Brady Township (32.5%) and Chesaning Township (67.5%). This lease calls for each Township to pay the Authority for their respective shares of the annual bond principal and interest due.

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors, omissions, injuries to employees, and natural disasters. The Authority manages risk through insurance coverage provided by the Incorporating Townships.

NOTE 7 – CONSTRUCTION COMMITMENTS

The Authority has committed \$1,353,000 to the building of a new fire hall for use by the Chesaning-Brady Fire Administrative Board. Of that, \$1,015,000 was provided by the bonds and the balance was to be paid by the Entity.

NOTE 8 – ECONOMIC DEPENDENCY

The Incorporating Units of Chesaning (67.5%) and Brady (32.5%) Townships are responsible, in their appropriate share, for the payment of the bonds and expenses of the building.

REQUIRED SUPPLEMENTAL INFORMATION

CHESANING-BRADY JOINT BUILDING AUTHORITY  
 REQUIRED SUPPLEMENTAL INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED MARCH 31, 2007

	Budgeted Amounts		<u>Actual</u>	Actual (Over) Under Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Rents	\$	\$	\$	\$
Interest	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL REVENUES</b>	<b>\$ <u>          </u></b>	<b>\$ <u>          </u></b>	<b>\$ <u>          </u></b>	<b>\$ <u>          </u></b>
<b>EXPENDITURES</b>				
Financial Specialist	\$ 6,750	\$ 6,750	\$	\$ 6,750
Bond Attorney	400	400		400
Surveying/Engineering/Architect	83,700	83,700		83,700
Building Equipment	90,000	90,000		90,000
Building	825,000	825,000	467,203	357,797
Driveway/Parking Lot/Utilities	317,000	317,000		317,000
Property	72,000	72,000	72,000	
Interest Expense	<u>          </u>	<u>          </u>	<u>1,777</u>	<u>(1,777)</u>
<b>TOTAL EXPENDITURES</b>	<b>\$1,394,850</b>	<b>\$1,394,850</b>	<b>\$540,980</b>	<b>\$853,870</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	\$ 322,000	\$ 322,000	\$200,000	\$122,000
Bond Proceeds	<u>1,001,200</u>	<u>1,001,200</u>	<u>356,000</u>	<u>645,200</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$<u>1,323,200</u></b>	<b>\$<u>1,323,200</u></b>	<b>\$<u>556,000</u></b>	<b>\$<u>767,200</u></b>
Net Change in Fund Balance	<u>\$ (71,650)</u>	<u>\$ (71,650)</u>	\$ 15,020	<u>\$ (86,670)</u>
Fund Balance - Beginning of Year			<u>          </u>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ <u>15,020</u></b>	

See accompanying notes to financial statements.



# DEMIS and WENZLICK, P.C.

*Certified Public Accountants*

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Barbara Wenzlick

**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**

Members of the Chesaning-Brady  
Joint Building Authority  
Chesaning, Michigan

We have audited the financial statements of the Chesaning-Brady Joint Building Authority as of and for the year ended March 31, 2007, and have issued our report thereon dated November 1, 2007. 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.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Chesaning-Brady Joint Building Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Chesaning-Brady Joint Building Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Chesaning-Brady Joint Building Authority's management, officers, and the applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Domin and Delongest, PC*

Owosso, Michigan  
November 1, 2007



# DEMIS and WENZLICK, P.C.

*Certified Public Accountants*

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Chesaning-Brady Fire Administrative Board  
Saginaw County, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of the Chesaning-Brady Fire Administrative Board for the year ended March 31, 2007.

As a result of our examination of the Board's financial statements, we make the following comments:

## BUDGET

P.A. 621 of 1978, includes a budgeted compliance requirement in budgeting. It is required under this act that actual expenditures do not exceed budgeted expenditures. Any amendments to the budget must be made before March 31.

## GENERAL LEDGER

The general ledger is an important accounting tool, an important internal control and a state mandated record. The Fire Board did maintain a general ledger during the year ended March 31, 2007, however, it was not balanced monthly.

## BANK RECONCILIATION

We could not locate bank reconciliations. Monthly reconciliations of all cash accounts is required by the State of Michigan.

We would like to thank the Board for the excellent cooperation we received in performing the Board audit. If we can be of any further assistance to the board in implementing these recommendations or any other Board business please contact us.

*Demis and Wenzlick, P.C.*

Certified Public Accountants

Owosso, Michigan  
October 27, 2007