

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 type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

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 type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>		Printed Name		License Number

SAGINAW AREA GIS AUTHORITY

Saginaw County, Michigan

FINANCIAL STATEMENTS

September 30, 2007

SAGINAW AREA GIS AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Executive Committee and Board of Trustees
Saginaw Area GIS Authority
Saginaw County, Michigan

We have audited the accompanying financial statements of the business-type activities as of and for the year ended September 30, 2007, which comprises the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Saginaw Area GIS Authority 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. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Saginaw Area GIS Authority, as of September 30, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as identified in the table of contents, is not a required part of the basic financial statements but is 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 supplemental information. However, we did not audit the information and express no opinion on it.

Berthiaume & Co.

November 27, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

SAGINAW AREA GIS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Saginaw Area GIS Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the Authority's financial statements.

Saginaw Area GIS Authority as a Whole

The following table shows, in condensed format, the net assets as of the current date, for the year ended September 30, 2007 and 2006.

Statement of Net Assets

	<u>2007</u>	<u>2006</u>
Assets:		
Current assets	\$ 63,154	\$ 100,871
Noncurrent assets	61,530	75,252
Total assets	124,684	176,123
Current liabilities		
	523	45,108
Net Assets:		
Invested in capital assets	61,530	75,252
Unrestricted	62,631	55,763
Total net assets	\$ 124,161	\$ 131,015

Statement of Activities

Revenues:		
Operating revenues	\$ 259,014	\$ 236,414
Non-operating revenue	7,100	4,257
Total revenues	266,114	240,671
Expenses:		
Operating expenses	272,968	243,658
Increase (decrease) in net assets	(6,854)	(2,987)
Net assets, beginning of year	131,015	134,002
Total net assets	\$ 124,161	\$ 131,015

Financial Highlights

The Authority's combined net assets decreased by approximately \$6,800 for the year. Some of the significant items for the year are as follows:

The membership charges to various governmental units was increased from \$1.00 per parcel to \$1.10 per parcel. Also, there were two new members –Taymouth and Brant Townships. As a result of these changes, the public sector revenues were about \$20,000 higher than the prior year.

SAGINAW AREA GIS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Financial Highlights

The primary reason for the membership rate increase from \$1.00 to \$1.10, per parcel, is to begin saving for the planned purchase of new aerial photography in 2009 or 2010.

Revenues from the private sector were about \$12,700 less than the prior year.

Expenses, other than in-kind items, were about \$15,000 more than the prior year.

Interest income is about \$2,800 more than the prior year.

Capital Assets and Debt Administration

The Authority's investment in capital assets for its business-type activities as of September 30, 2007, amounted to \$61,530 (net of accumulated depreciation). This investment in capital assets includes equipment and GIS data. During the year there was approximately \$9,900 in additions to capital assets.

The Authority has no long-term debt.

Economic Factors

The Saginaw Area GIS Authority's budget for next year calls for minor changes. No significant economic factors have been identified.

Contacting the Authority's Management

This financial report is intended to provide our citizens and customers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Authority's office at 111 S. Michigan Ave., P.O. Box 1867, Saginaw, MI 48602.

BASIC FINANCIAL STATEMENTS

SAGINAW AREA GIS AUTHORITY

STATEMENT OF NET ASSETS

September 30, 2007

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 60,202
Trade receivables	2,952
Total current assets	<u>63,154</u>

Capital Assets (note 3)

Total assets	<u>\$ 124,684</u>
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LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts payable	\$ 523
Total current liabilities	<u>523</u>

Net Assets:

Investment in capital assets	61,530
Unrestricted	62,631
Total net assets	<u>124,161</u>
Total liabilities and net assets	<u>\$ 124,684</u>

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

SAGINAW AREA GIS AUTHORITY

STATEMENT OF ACTIVITIES

Year Ended September 30, 2007

OPERATING REVENUES:

Public sector/members – charges for services	\$ 196,153
Private sector – charges for services	11,416
Contribution of equipment from Saginaw County	1,445
In-kind from City of Saginaw	50,000
Total operating revenues	<u>259,014</u>

OPERATING EXPENSES:

Accounting and audit fees	6,200
Insurance	2,540
Legal fees	75
Contracted services – County of Saginaw	149,801
Contracted services – City of Saginaw	33,075
Contracted services – Coordinator	5,250
Software expense	50
Education, training and other	2,071
Depreciation expense	23,603
ISS tech support	303
In-kind services and system support from City of Saginaw	50,000
Total operating expenses	<u>272,968</u>
Operating income (loss)	(13,954)

NON-OPERATING REVENUES:

Interest income	<u>7,100</u>
Net income (loss)	(6,854)
Net assets, October 1, 2006	<u>131,015</u>
Net assets, September 30, 2007	<u>\$ 124,161</u>

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

SAGINAW AREA GIS AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended September 30, 2007

Cash flows from operating activities:	
Cash received from customers	\$ 205,618
Cash payments for goods and services	<u>(243,950)</u>
Net cash provided (used) by operating activities	<u>(38,332)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(8,435)</u>
Net cash provided (used) by capital and related financing activities	<u>(8,435)</u>
Cash flows from investment activities:	
Interest income	<u>7,100</u>
Net cash provided by investing activities	<u>7,100</u>
Net decrease in cash and cash equivalents	(39,667)
Cash and cash equivalents, beginning of year	<u>99,869</u>
Cash and cash equivalents, end of year	<u>\$ 60,202</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (13,954)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	23,603
Contribution of equipment from Saginaw County	(1,445)
(Increase) decrease in assets:	
Accounts receivable	(1,950)
Increase (decrease) in liabilities:	
Accounts payable	<u>(44,586)</u>
Net cash provided by operating activities	<u>\$ (38,332)</u>

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

SAGINAW AREA GIS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity and Organization

The Saginaw Area GIS Authority was established on September 20, 2004 by an Interlocal Agreement between twenty-two local governmental units in Saginaw County. The Authority operates a geographic information system as a separate governmental unit pursuant to MCLA 124.507.

Each participating unit of government appoints a representative to the Authority. These representatives constitute the Authority Board of Trustees in accordance with the By-Laws of the Authority.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Authority. There are no component units. The Authority is not a component of any other reporting entity.

The accounting policies of the Saginaw Area GIS Authority conform to generally accepted accounting principles as applicable to governmental units.

Basis of Accounting

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an Enterprise Fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net assets, revenues, and expenses.

Measurement Focus – Government-wide Financial Statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. These types of statements usually distinguish between activities that are governmental and those that are business-type activities. The Authority currently has only one business-type fund/activity.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net assets are reported in two parts (1) invested in capital assets, net of related debt, and (2) unrestricted net assets. The Authority first utilizes restricted resources to finance qualifying activities. The Authority currently has no long-term debt and obligations.

The government-wide focus is on the sustainability of the Authority as an entity and the change in the Authority's net assets resulting from current year activities.

Program fees, grants, and other revenue, if any, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period.

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

The Authority considers its deposits and, if any, restricted deposits, and investments held with maturities of three months or less as cash equivalents.

Investments

Investments, if any, are stated at fair value. The Authority currently has no investments.

Receivables

All receivables are recorded at their gross value and, where, appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances, if any, are immaterial at year end.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future fiscal years and may be recorded as prepaid items in the financial statements.

Capital Assets

Capital assets are stated at cost or fair market value if donated. Depreciation is computed using the straight-line method based on the estimated useful lives of five (5) years.

Long-Term Obligations

In the Statement of Net Assets, long-term debt and other long-term obligations, if any, are reported as liabilities. Currently the Authority has no long-term obligations.

Revenues/Expenses

Operating revenues and expenses generally result from providing services. All other revenues and expenses are reported as nonoperating.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

SAGINAW AREA GIS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority's deposits are in accordance with statutory authority. The Authority does not have any investments.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it.

The Authority's cash is included on the Statement of Net Assets in the amount of \$60,202. It is comprised of bank deposits that are reflected in the accounts of the bank (without recognition of checks written but not yet cleared, or of deposits in transit) at \$60,202. The entire amount was covered by federal depository insurance.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2007 was as follows:

	Balance October 1, 2006	Additions	Deletions	Balance September 30, 2007	Depreciable Life
Capital assets being depreciated:					
Computer equipment	\$ 5,223	\$ 9,881	\$ -	\$ 15,104	5 years
Orthophotography data	109,980	-	-	109,980	5 years
Total	115,203	9,881	-	125,084	
Less accumulated depreciation	(39,951)	(23,603)	-	(63,554)	
Net total capital assets	\$ 75,252	\$ (13,722)	\$ -	\$ 61,530	

SAGINAW AREA GIS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions. The Authority has purchased commercial insurance for property loss, torts, errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage.

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INTERNAL CONTROL COMMUNICATIONS

To The Board
Saginaw Area GIS Authority

In planning and performing our audit of the financial statements of Saginaw Area GIS Authority as of and for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Saginaw Area GIS Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization'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 misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined above. We identified deficiencies in internal control as follow:

Financial Statement Preparation

Audit standards, relative to our consideration of your internal controls, require that we assess the ability of the Organization to record, process, and summarize accounting data and to prepare financial statements. For this purpose, auditors are not to be considered part of the internal control system. We are required to inform you when internal control weaknesses, in this area, are noted.

As required, we are reporting a material weakness in the Organization's ability to prepare its own financial statement in accordance with generally accepted accounting principles.

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

Sincerely,

Berthiaume & Co.

Berthiaume & Company
Certified Public Accountants

November 27, 2007