

Ashland-Grant Fire District

Newaygo County, Michigan

REPORT ON FINANCIAL STATEMENTS

(with required supplementary information)

Year ended March 31, 2011

Ashland-Grant Fire District

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INDEPENDENT AUDITOR'S REPORT

November 10, 2011

Members of the Joint Administrative Fire Board
Ashland-Grant Fire District
Newaygo County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland-Grant Fire District, as of and for the year ended March 31, 2011, which collectively comprise the Fire District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ashland-Grant Fire District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland-Grant Fire District, as of March 31, 2011, and the respective changes in financial position 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 and budgetary comparison information on pages 3-6 and 18-19, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

Lake Michigan CPA Services, PLLC

November 10, 2011
Big Rapids, Michigan

Ashland-Grant Fire District
Management's Discussion and Analysis
For the Year Ended March 31, 2011

The Management's Discussion and Analysis report of the Ashland-Grant Fire District covers the District's financial performance during the year ended March 31, 2011.

Financial Highlights

Our financial status remained stable over the last year. Total net assets rose \$65,630 over the prior year, up to \$1,138,250. Of this amount, net capital assets totaled \$505,167.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Fund Financial Statements

The first five columns of the financial statements include information about the District's General Fund, two additional major funds, one other governmental fund, and a total of these governmental funds under the modified accrual method of accounting. The fund financial statements focus on current resources and provide a detailed view of the District's sources and uses of funds. Major funds are reported in separate columns while all others are combined into an aggregated presentation. The General Fund, Equipment Fund, and First Responders Fund were determined to be major funds for the year ended March 31, 2011.

Adjustments

The Adjustments columns of the financial statements represent necessary adjustments to convert the modified accrual statements to a government-wide presentation under the full accrual method of accounting.

Government-Wide Financial Statements

The last column of the financial statements presents the government-wide financial statements. This column is designed to give a view of the entity as a whole and provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities and charges.

Ashland-Grant Fire District
 Management's Discussion and Analysis
 For the Year Ended March 31, 2011

Statement of Net Assets

The Statement of Net Assets is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, changes in net assets may serve as a useful indicator of the financial health of the District and whether the financial condition is improving or deteriorating.

The net assets are divided into three types, including Invested in Capital Assets, Restricted Net Assets, and Unrestricted Net Assets. The net assets reported as invested in capital assets are used to provide services to the residents within the Fire District boundaries, and they are not available to pay salaries, operational expenses or fund capital projects. Net assets invested in capital assets, of which there is no related debt, totaled \$505,167 at March 31, 2011. The unrestricted net assets depicted a fund balance of \$633,083 at the end of the 2011 fiscal year. This represents the amount of discretionary resources that can be used for general fire District operations. There were no restricted net assets at March 31, 2011 or March 31, 2010. A summary of the District's net assets is provided below.

	March 31, 2011	March 31, 2010
ASSETS		
Current assets	\$ 633,828	\$ 528,791
Noncurrent assets	505,167	544,813
Total assets	<u>\$ 1,138,995</u>	<u>\$ 1,073,604</u>
 LIABILITIES		
Current liabilities	\$ 745	\$ 4,526
 NET ASSETS		
Invested in capital assets	505,167	544,813
Unrestricted	633,083	524,265
Total net assets	<u>\$ 1,138,250</u>	<u>\$ 1,069,078</u>

Ashland-Grant Fire District
 Management's Discussion and Analysis
 For the Year Ended March 31, 2011

Statement of Activities

The Statement of Activities reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included when the event giving rise to the change occurs, regardless of the timing of when cash is received or paid. The largest source of revenue for the District is contributions from other local governmental units. During fiscal year 2011, these contributions were \$172,850. This is slightly above the 2010 fiscal year, which reflected contributions from local units of \$153,545. The largest expenses were for salaries and wages of \$38,012, insurance and bonds of \$20,942 and depreciation of \$39,646. A summary of the statement of activities follows:

	March 31, 2011	March 31, 2010
REVENUES		
Contribution from local governments	\$ 172,850	\$ 153,545
Charges for services	16,295	34,859
Grants	3,000	-
Fundraising activities	2,126	2,330
Investment earnings	11,135	11,113
Donations	625	5,590
Other	-	4,503
Total revenues	<u>206,031</u>	<u>211,940</u>
 EXPENDITURES		
Public safety	140,401	160,702
Change in net assets	65,630	51,238
Net assets at April 1	<u>1,072,620</u>	<u>1,021,382</u>
Net assets at March 31	<u>\$ 1,138,250</u>	<u>\$ 1,072,620</u>

Ashland-Grant Fire District
Management's Discussion and Analysis
For the Year Ended March 31, 2011

Modified Accrual Financial Statements

The Districts utilizes four separate funds to account for different functions within the Fire District. The General Fund is the primary operating fund, which accounts for the firefighter's wages and fringes, payment of insurance and bonds, operating expenses, firefighters gear, equipment purchases, maintenance, and other general functions. At the end of the 2011 fiscal year, the General Fund's fund balance was \$65,307 which was unreserved.

The Fire Equipment Fund is used to account for the purchase of capital assets for the District. At the 2011 year-end, the District had a fund balance of \$550,059 in this fund. This fund increased \$87,513, due to property tax contributions from local governments.

The First Responders Fund was established in the 2011 fiscal year to account for the revenues and expenditures of first responder activity. The ending fund balance was \$13,230 at March 31, 2011.

General Fund Budget Highlights

The adopted General Fund budget for March 31, 2011 fiscal year showed planned revenue of \$135,500, expenditures of \$152,375, and \$12,000 of transfers out. The General Fund experienced a positive budget variance of \$32,463.

General Economic Overview

The Ashland-Grant Fire District plans to maintain its financial stability over the course of the next fiscal year. The main source of revenue for the District is contributions from other local units of government, which are expected to rise slightly next year. Expenditures are also planned to remain consistent with the 2011 fiscal year.

Requests for Information

If you have any questions concerning this report please contact the Fire District clerk.

Ashland-Grant Fire District

Balance Sheet/Statement of Net Assets
March 31, 2011

ASSETS	Balance Sheet - Modified accrual					Adjustments	Statement of
	General	Fire	First	Other	Total		Net Assets -
	Fund	Equipment	Responders	governmental			Full
	Fund	Fund	Fund	funds	Total		Accrual
Cash and cash equivalents	\$ 54,113	\$ 531,591	\$ 11,296	\$ 4,487	\$ 601,487	\$ -	\$ 601,487
Due from other governments	15,151	15,256	1,934	-	32,341		32,341
Advances from other funds	-	3,212	-	-	3,212	(3,212)	-
Capital assets, net	-	-	-	-	-	505,167	505,167
Total assets	\$ 69,264	\$ 550,059	\$ 13,230	\$ 4,487	\$ 637,040	501,955	\$ 1,138,995
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accrued payroll liabilities	\$ 745	\$ -	\$ -	\$ -	745	-	745
Advances to other funds	3,212	-	-	-	3,212	(3,212)	-
Total liabilities	3,957	-	-	-	3,957	(3,212)	745
FUND BALANCES							
Unreserved							
Designated for:							
Future improvements	\$ 2,100	\$ -	\$ -	\$ -	\$ 2,100	\$ (2,100)	\$ -
Undesignated	63,207	550,059	13,230	4,487	630,983	(630,983)	-
Total fund balances	65,307	550,059	13,230	4,487	633,083	(633,083)	-
Total liabilities and fund balances	\$ 69,264	\$ 550,059	\$ 13,230	\$ 4,487	\$ 637,040	(633,083)	-
NET ASSETS							
Invested in capital assets						505,167	505,167
Unrestricted						633,083	633,083
						\$ 1,138,250	\$ 1,138,250

The accompanying notes are an integral part of this statement.

Ashland-Grant Fire District

Reconciliation of the Balance Sheet of the governmental funds
to the Statement of Net Assets
March 31, 2011

Total fund balance—governmental funds \$ 633,083

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the
governmental funds.

Cost of capital assets	1,334,413	
Accumulated depreciation	<u>(829,246)</u>	505,167

Net assets of governmental activities in the Statement of Net Assets \$ 1,138,250

The accompanying notes are an integral part of this statement.

Ashland-Grant Fire District

Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities
For the year ended March 31, 2011

	Revenues and Expenditures - Modified accrual					Adjustments	Statement of Activities - Full Accrual
	General Fund	Fire Equipment Fund	First Responders Fund	Other governmental funds	Total		
REVENUES							
Contribution from local governments							
Ashland Township	\$ 35,019	\$ 34,605	\$ 17,464	\$ -	\$ 87,088	\$ -	\$ 87,088
Grant Township	35,761	34,321	-	-	70,082	-	70,082
City of Grant	7,840	7,840	-	-	15,680	-	15,680
Charges for services	14,825	-	1,470	-	16,295	-	16,295
Grants	3,000	-	-	-	3,000	-	3,000
Fundraising activities	-	-	-	2,126	2,126	-	2,126
Investment earnings	388	10,747	-	-	11,135	-	11,135
Donations	-	-	-	625	625	-	625
Total revenues	<u>96,833</u>	<u>87,513</u>	<u>18,934</u>	<u>2,751</u>	<u>206,031</u>	<u>-</u>	<u>206,031</u>
EXPENDITURES							
Salaries and wages	32,308	-	5,704	-	38,012	-	38,012
Payroll taxes	2,647	-	-	-	2,647	-	2,647
Professional services	2,140	-	-	-	2,140	-	2,140
Insurance and bonds	20,942	-	-	-	20,942	-	20,942
Utilities	12,187	-	-	-	12,187	-	12,187
Operating supplies	5,117	-	-	-	5,117	-	5,117
Repairs and maintenance	12,631	-	-	-	12,631	-	12,631
Miscellaneous	5,273	-	-	1,806	7,079	-	7,079
Depreciation	-	-	-	-	-	39,646	39,646
Total expenditures	<u>93,245</u>	<u>-</u>	<u>5,704</u>	<u>1,806</u>	<u>100,755</u>	<u>39,646</u>	<u>140,401</u>
Net change in fund balances/net assets	<u>3,588</u>	<u>87,513</u>	<u>13,230</u>	<u>945</u>	<u>105,276</u>	<u>(39,646)</u>	<u>65,630</u>
Fund balances/net assets at April 1, 2010	<u>61,719</u>	<u>462,546</u>	<u>-</u>	<u>3,542</u>	<u>527,807</u>	<u>544,813</u>	<u>1,072,620</u>
Fund balances/net assets at March 31, 2011	<u>\$ 65,307</u>	<u>\$ 550,059</u>	<u>\$ 13,230</u>	<u>\$ 4,487</u>	<u>\$ 633,083</u>	<u>\$ 505,167</u>	<u>\$ 1,138,250</u>

Ashland-Grant Fire District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of the governmental funds to the Statement of Activities
For the year ended March 31, 2011

Net changes in fund balances - total governmental funds \$ 105,276

Amounts reported for governmental activities in the Statement
of Activities are different because:

Governmental funds report outlays for capital assets 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 (39,646)

Change in net assets of governmental activities \$ 65,630

The accompanying notes are an integral part of this statement.

Ashland-Grant Fire District

Notes to the Financial Statements

March 31, 2011

I. Summary of significant accounting policies

The accounting policies of the Ashland-Grant Fire District (District) have been adopted to conform with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Ashland-Grant Fire District.

A. Reporting entity

The Ashland-Grant Fire District, located in Newaygo County, was established between the Newaygo County Townships of Grant and Ashland, and the City of Grant on January 1, 1974, pursuant to the 1951 Public Act 33, as amended. This agreement has been changed throughout the years. The furnishing and administration of the joint fire protection is under the supervision and direction of a Joint Fire Administrative Board. The District operates under the direction of a seven member board, with two representatives appointed by each participating governmental unit, plus one member at large. Under the criteria established by accounting principles generally accepted in the United States of America, the District has determined that there are no component units which should be included in its reporting entity, as it does not have certain oversight responsibilities over other organizations.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. Financial statements are also provided for governmental funds, with major individual governmental funds reported as separate columns in the fund financial statements and nonmajor governmental funds combined. The District has four governmental funds, three of which are considered major funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Ashland-Grant Fire District

Notes to the Financial Statements

March 31, 2011

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Ashland-Grant Fire District reports the following major governmental funds:

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

The Fire Equipment Fund is used to record the collection of contributions from other governmental units and to account for the purchase of capital assets for the District.

The First Responders Fund is used to accumulate contributions and fees from other governmental units and to account for first responder expenditures.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also

Ashland-Grant Fire District

Notes to the Financial Statements

March 31, 2011

have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District does not have business-type activities or enterprise funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, liabilities and net assets or equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the District to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds. All investments are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Ashland-Grant Fire District

Notes to the Financial Statements

March 31, 2011

3. Capital assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major capital outlays for assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	15-30
Equipment	5-10
Vehicles	5-20

4. 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.

5. Use of Estimates

The presentation 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.

Ashland-Grant Fire District

Notes to the Financial Statements

March 31, 2011

II. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The budget presents information by fund, function, activity and line item, and the legal level of budgetary control adopted by the governing body is the activity level. The operating budget includes proposed expenditures and the means of financing them. State law requires the Fire District to have its budget in place before April 1st.

III. Detailed notes on all funds

A. Deposits and investments

Interest Rate Risk

The District has a formal investment policy, but the policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The District's investment policy does not further limit its investment options.

Concentration of Credit Risk

The District Fire Board places no limit on the amount that the District may invest in any one issuer.

Custodial Credit Risk – Deposits

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State law does not require, and the District does not have, a deposit policy for custodial credit risk. As of March 31, 2011, \$250,000 of the District's governmental funds' deposits were insured by federal depository insurance and \$351,487 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Ashland-Grant Fire District

Notes to the Financial Statements

March 31, 2011

Foreign currency risk

The District is not authorized to invest in securities which have this type of risk.

B. Capital assets

Capital asset activity for the year ended March 31, 2011 was as follows:

	Balance April 1, 2010	Additions	Deletions	Balance March 31, 2011
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 126,330	\$ -	\$ -	\$ 126,330
Capital assets, being depreciated:				
Buildings and improvements	221,324	-	-	221,324
Equipment	39,615	-	-	39,615
Vehicles	947,144	-	-	947,144
Total capital assets, being depreciated	1,208,083	-	-	1,208,083
Less: accumulated depreciation	789,600	39,646	-	829,246
Net capital assets, being depreciated	418,483	(39,646)	-	378,837
Total capital assets, net	<u>\$ 544,813</u>	<u>\$ (39,646)</u>	<u>\$ -</u>	<u>\$ 505,167</u>

Ashland-Grant Fire District

Notes to the Financial Statements

March 31, 2011

C. Interfund balances

Interfund balances at March 31, 2011 consisted of the following:

<u>Payable Fund</u>	<u>Receivable fund</u>	<u>Amount</u>
General Fund	Fire Equipment Fund	\$3,212

D. Other information

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

Note E. Date of management review

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 10, 2011, the date the financial statements were available to be issued.

Required supplementary information

Ashland-Grant Fire District

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the year ended March 31, 2011

	Budgeted Amounts		Actual	Variance with final budget positive/ (negative)
REVENUES	Original	Final		
Contribution from local governments				
Ashland Township	\$ 41,600	\$ 41,600	\$ 35,019	\$ (6,581)
Grant Township	41,600	41,600	35,761	(5,839)
City of Grant	10,400	10,400	7,840	(2,560)
Charges for services	39,500	39,500	14,825	(24,675)
Grants	-	-	3,000	3,000
Miscellaneous	2,000	2,000	-	(2,000)
Investment earnings	400	400	388	(12)
Total revenues	135,500	135,500	96,833	(38,667)
EXPENDITURES				
Salaries and wages	41,775	41,775	32,308	9,467
Payroll taxes	7,500	7,500	2,647	4,853
Professional services	5,500	5,500	2,140	3,360
Insurance and bonds	25,000	25,000	20,942	4,058
Utilities	14,600	14,600	12,187	2,413
Operating supplies	5,000	5,000	5,117	(117)
Training	2,000	2,000	-	2,000
Repairs and maintenance	39,500	39,500	12,631	26,869
Miscellaneous	6,500	6,500	5,273	1,227
Contingency	5,000	5,000	-	5,000
Total expenditures	152,375	152,375	93,245	59,130
Excess of revenues over/(under) expenditures	(16,875)	(16,875)	3,588	20,463
TRANSFERS OUT	(12,000)	(12,000)	-	12,000
Net change in fund balance	\$ (28,875)	\$ (28,875)	3,588	\$ 32,463
Fund balance at April 1, 2010			61,719	
Fund balance at March 31, 2011			\$ 65,307	

Ashland-Grant Fire District

Fire Equipment Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended March 31, 2011

	Budgeted Amounts		Actual	Variance with final budget positive/ (negative)
	Original	Final		
REVENUES				
Contribution from local governments				
Ashland Township	\$ 40,000	\$ 40,000	\$ 34,605	\$ (5,395)
Grant Township	40,000	40,000	34,321	(5,679)
City of Grant	9,000	9,000	7,840	(1,160)
Donations	2,000	2,000	-	(2,000)
Investment earnings	-	3,000	10,747	7,747
Total revenues	91,000	94,000	87,513	(6,487)
 Expenditures				
Equipment	-	-	-	-
Excess of revenues over expenditures	91,000	94,000	87,513	(6,487)
TRANSFERS IN	12,000	12,000	-	(12,000)
Net change in fund balance	\$ 91,000	\$ 94,000	87,513	\$ (18,487)
Fund balance at April 1, 2010			462,546	
Fund balance at March 31, 2011			\$ 550,059	



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November 10, 2011

Members of the Joint Administrative Fire Board
Ashland-Grant Fire District
Newaygo County, Michigan

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland-Grant Fire District for the year ended March 31, 2011, and I have issued my report thereon dated November 10, 2011. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

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

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Ashland-Grant Fire District are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2011 fiscal year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 10, 2011.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

During my examination of contributions from local units for property taxes, I noted that the contribution from the City of Grant was received after the fiscal year end of the District. Because these revenues are derived from tax collections, I would recommend that the District request the City pay the District on the same bi-monthly distribution schedule that the City disburses its other tax collections, instead of receiving one lump sum at the end of the tax collection cycle. This will assist the District in managing operational cash flow and will eliminate the timing difference in the entities' year ends.

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

This information is intended solely for the use of the Fire Board and management of the Ashland-Grant Fire District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Lake Michigan CPA Services, PLC". The signature is written in black ink and is positioned above a horizontal line.

Lake Michigan CPA Services, PLC