

SOUTHWEST SHIAWASSEE EMERGENCY
SERVICES ALLIANCE

FINANCIAL STATEMENTS
AND AUDITORS' REPORT

DECEMBER 31, 2007

TABLE OF CONTENTS

List of Appointed Officials	1
Auditors' Report	2 - 3
Management's Discussion and Analysis	4 - 6
Basic Financial Statements	
Statement of Net Assets	7
Statement of Activities	8
Balance Sheet	9
Reconciliation of Fund Balance of Governmental Fund to the Net Assets of Governmental Activities	10
Statement of Revenues, Expenditures and Changes in Fund Balance	11 - 12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 - 20
Required Supplemental Information	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	21

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
LIST OF APPOINTED MEMBERS

John Plowman	Chairperson
Bill Colby	Vice-Chairperson
Cathy Mulholland	Trustee
Skip Ackley	Trustee
Kevin Feuka	Trustee
Lori Godfrey	Trustee
Dean Ocenasek	Trustee
Guy Hubbard	Chief
Bill Jackson	Assistant Chief – EMS
Ross Delau	Assistant Chief – Fire



DEMIS and WENZLICK, P.C.

Certified Public Accountants

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

217 N. Washington Street
Pabst Building, Suite 201
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143
E-MAIL office@dw-cpa.com

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
Bruce Wenzlick

INDEPENDENT AUDITORS' REPORT

Members of the Southwest Shiawassee
Emergency Services Alliance
Shiawassee County, Michigan

We have audited the accompanying financial statements of the governmental activities of Southwest Shiawassee Emergency Services Alliance, as of and for the year ended December 31, 2007, which collectively comprise S.S.E.S.A.'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the S.S.E.S.A.'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 S.S.E.S.A. as of December 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 management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 S.S.E.S.A.'s basic financial statements. The introductory section and the other supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory section 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.

Demis and Wenzlick, P.C.

Certified Public Accountants

Owosso, Michigan
February 18, 2009

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Southwest Shiawassee Emergency Services Alliance (S.S.E.S.A.'s) financial performance and position, providing an overview of the activities for the year ended December 31, 2007. This analysis should be read in conjunction with the Independent Auditors' Report and with S.S.E.S.A.'s financial statements, which follow this section. The fiscal year ended December 31, 2007 represents the first year S.S.E.S.A. has reported under the provisions of the Governmental Accounting Standards Board (GASB) No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 37 Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments – Omnibus and Statement No. 38 Certain Financial Statement Note Disclosures. This discussion and analysis does not provide comparisons with previous years.

Financial Results

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2007.

- Ambulance Service fees represent our largest revenue source in the General Fund. It is \$815,229. Fire Service fees are \$233,002.
- The fund balance of the Township's General Fund is \$175,355.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of S.S.E.S.A.'s finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether S.S.E.S.A. has funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how S.S.E.S.A.'s resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of Southwest Shiawassee Emergency Services Alliance in more detail than the government-wide financial statements by providing information about S.S.E.S.A.'s most significant funds.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS

S.S.E.S.A. as a Whole

The following table shows, in a condensed format, the net assets of S.S.E.S.A. as of December 31, 2007:

Current Assets	\$444,079
Capital Assets	<u>155,639</u>
 Total Assets	 \$599,718
Current Liabilities	\$ 28,541
Loan Payable	<u>253,858</u>
 Total Liabilities	 <u>\$282,399</u>
 Net Assets	 <u>\$317,319</u>

The following table shows the change in net assets for the year ended December 31, 2007:

General Revenues:	
Township Contributions	\$ 506,604
Investment Earnings	10,457
Charges for Services	<u>541,626</u>
 Total Revenues	 \$1,058,687
Program Expenses:	
General Government	<u>\$1,041,761</u>
Total Expenses	<u>\$1,041,761</u>
 Change in Net Assets	 <u>\$ 16,926</u>

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

S.S.E.S.A.'s governmental revenues total \$1,058,687 with the largest revenue source being Township contributions.

S.S.E.S.A. incurred expenses of \$1,041,761 during the year. All of the expenses are associated with the general government functions.

S.S.E.S.A.'s Funds

The analysis of S.S.E.S.A.'s governmental funds begins on Page 21 following the government-wide financial statements. The fund financial statements provide detailed information about the general government fund.

The General Fund pays for all of the S.S.E.S.A.'s governmental services.

General Fund Budgetary Highlights

S.S.E.S.A. did make budget adjustments during the year. There was an overall unfavorable budget to actual variance of \$53,592.

Capital Assets

At the end of the fiscal year, S.S.E.S.A. had approximately \$1,390,004 (valued at historical cost) in assets which include equipment and vehicles.

Contacting S.S.E.S.A.'s Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of S.S.E.S.A.'s finances and demonstrate S.S.E.S.A.'s accountability for the money it receives. If you have questions about this report or need additional information, we encourage you to contact S.S.E.S.A. Officials at the Perry Fire Station at (517) 625-4041.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
 SHIAWASSEE COUNTY, MICHIGAN
 GOVERNMENT-WIDE STATEMENT OF NET ASSETS
 DECEMBER 31, 2007

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS:		
Cash and Investments	\$277,406	\$277,406
Receivables (Within one Year)	164,054	164,054
Prepaid Expenses	2,619	2,619
Capital Assets being Depreciated, Net	<u>155,639</u>	<u>155,639</u>
TOTAL ASSETS	<u>\$599,718</u>	<u>\$599,718</u>
 LIABILITIES:		
Accounts Payable	\$ 13,646	\$ 13,646
Accrued Liabilities	14,895	14,895
Notes Payable – Due within one Year	61,963	61,963
Non-Current Liabilities:		
Due beyond one Year	<u>191,895</u>	<u>191,895</u>
TOTAL LIABILITIES	<u>\$282,399</u>	<u>\$282,399</u>
 NET ASSETS:		
Invested in Capital Assets (Net of Related Debt)	\$ (98,219)	\$ (98,219)
Unreserved	<u>415,538</u>	<u>415,538</u>
TOTAL NET ASSETS	<u>\$317,319</u>	<u>\$317,319</u>

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

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
 SHIAWASSEE COUNTY, MICHIGAN
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges</u>	<u>Operating</u>	<u>Revenue &</u>
		<u>For Services</u>	<u>Grants and</u>	<u>Change in</u>
			<u>Contributions</u>	<u>Net Assets</u>
Governmental Activities:				
General Government	\$1,041,761	\$541,626	\$	\$(500,135)
General Revenues:				
Township Contributions				506,604
Investment Earnings				<u>10,457</u>
TOTAL GENERAL REVENUES				\$ 517,061
CHANGES IN NET ASSETS				\$ 16,926
Net Assets – Beginning – As Restated				<u>300,393</u>
NET ASSETS – ENDING				\$ <u>317,319</u>

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

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
 SHIAWASSEE COUNTY, MICHIGAN
 BALANCE SHEET
 AS OF DECEMBER 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$277,406
Receivables	164,054
Prepaid Expenses	<u>2,619</u>
TOTAL ASSETS	<u>\$444,079</u>
LIABILITIES:	
Accounts Payable	\$ 13,646
Accrued Liabilities	<u>14,895</u>
TOTAL LIABILITIES	<u>\$ 28,541</u>
FUND BALANCE:	
Unrestricted	\$415,538
Restricted	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$415,538</u>

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

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
GOVERNMENTAL FUND
RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007

Total Fund Balances for Governmental Funds	\$415,538
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not reported in the funds	<u>(98,219)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$317,319</u>

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

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2007

REVENUES:	
Contribution – Ambulance Income	\$ 274,309
Contribution – Fire Income	232,295
Fees for Services	541,626
Interest Income	<u>10,457</u>
TOTAL REVENUES	\$1,058,687
EXPENDITURES:	
Ambulance Services:	
Administrative	\$ 37,904
Equipment	26,967
Health & Safety	1,333
Labor Benefits & Taxes	39,496
Wages	319,019
Supplies	29,575
Training	11,863
Utilities	10,872
Fire Services:	
Administrative	27,156
Equipment	29,849
Health & Safety	2,340
Labor Benefits & Taxes	28,117
Wages	60,075
Supplies	8,595
Training	4,535
Utilities	7,815
Write Offs & Other Adjustments	154,160
Interest Expense	11,728
Rent Expense	8,745
Miscellaneous	<u>50,675</u>
TOTAL EXPENDITURES	\$ <u>870,819</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 187,868

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

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
 GOVERNMENTAL FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE (CONTINUED)
 YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Activities</u>
OTHER FINANCING SOURCES:	
Transfer Out – Capital Assets	\$ <u>(56,500)</u>
TOTAL OTHER FINANCING SOURCES	\$ (56,500)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCECS	\$ 131,368
Fund Balance January 1, 2007	<u>284,170</u>
FUND BALANCE DECEMBER 31, 2007	<u>\$ 415,538</u>

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

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
GOVERNMENTAL FUND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

Net Change in Fund Balance – Total Governmental Funds \$131,368

Governmental Funds report Capital Outlays as Expenditures.
However, in the Statement of Activities the cost of these
Assets is Allocated over the Estimated Useful Lives and
Reported as Depreciation Expense.

Depreciation Expense 114,442

Some Activities do not require the use of Current Financial
Resources and therefore are not reported in the Governmental
Funds.

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 16,926

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

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Organization was formed August 1, 2004, as an emergency services authority. The Organization was formed pursuant to the Emergency Services to Municipalities Act, Public Act 57 of 1988. The purpose of the Organization is to provide emergency services as defined in the Emergency Services Act, including, but not limited to, providing apparatus, equipment, personnel and/or services for fire protection, fire suppression and ambulance services.

For financial reporting purposes, in conformance with NCGA Statement No. 3, Defining the Governmental Reporting Entity, the Organization includes all funds, account groups, agencies, board, commissions and authorities that are controlled by or dependent on the organization. Control by or dependence on the organization was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the organization to finance any deficits that may occur or receipt of significant subsidies from the organization.

Based on the foregoing criteria, there are no component units of S.S.E.S.A.

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 purpose for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is 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.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction or major capital facilities.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECEIVABLES

Receivables are recognized for all significant amounts due S.S.E.S.A. Valuation reserves have not been provided for since collection is not considered doubtful and any uncollected amounts would be immaterial.

COMPENSATED ABSENCES

There are no compensated absences.

BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the beginning of the fiscal year, the treasurer submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budgets are approved by each of the controlling units of government.
3. Prior to January 1, the budget is legally enacted through Board approval.
4. 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.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

Building and 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

INSURANCE ADJUSTMENTS

The Organization treats contractual adjustments by insurance companies as current expenses. Clients' insurance companies are billed for the entire amount of the service provided. Due to contractual differences, some insurance companies do not pay the full amount billed.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

WRITE-OFFS

The Organization uses the direct write-off method to account for bad debts. Receivables are left on the books until time or other factors, such as client death or bankruptcy, lead S.S.E.S.A. to believe the debt will be uncollectible.

NOTE B – FIXED ASSETS

The policy of the organization is to reflect the total vehicles and attachments thereon, in the financial statements. The assets not included in this report include tools, pagers, radios, and furnishings. The total cost of these items exceeded \$250,000.

Additionally, the organization has the use of certain vehicles owned by the State of Michigan – DNR. The organization pays all associated costs for these vehicles, which have an estimated cost of \$30,000.

Estimated Original Cost of Fixed Assets as of January 1, 2007	\$1,333,504
Purchases	56,500
Removals During the Fiscal Year December 31, 2007	<u>0</u>
FIXED ASSETS AT DECEMBER 31, 2007	<u>\$1,390,004</u>

The land and building in Perry, Michigan is owned by the City of Perry. The organization has use of the building, at no cost, other than payment of expenses associated with the building.

NOTE C – PENSION PLAN

The Organization established a pension plan for employees March 1, 1993. The Organization contributes 7.5% of the employees salary.

In July 2007, S.S.E.S.A. adopted a Defined Benefit Retirement Plan through MERS (Municipal Employees' Retirement System) of Michigan. An annual actuarial valuation is used to determine the annual contributions. The initial funding payment was \$21,067. The annual expense was \$14,407.

NOTE D – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (a) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2007

NOTE D – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY
 FUNDS (CONTINUED)

During the year ended December 31, 2007, the Organization incurred expenditures in certain budgetary line items which were in excess of the amounts appropriated as follows:

	<u>Total</u> <u>Appropriation</u>	<u>Amount of</u> <u>Expenditure</u>	<u>Budget</u> <u>Variance</u>
Wages	\$375,431	\$379,094	\$ 3,663
Operating Expenses	204,883	373,730	168,847
Transfer to Capital Projects Fund	174,309	184,137	9,828

NOTE E – CASH AND INVESTMENTS

State statutes authorize S.S.E.S.A. 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 of 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.

The Organization's deposits consisted of cash at one financial institution.

	<u>December 31, 2007</u>		
<u>Institution A</u>	<u>Amount</u>	<u>FDIC Insured</u>	<u>Uninsured</u>
Cash – Checking	\$ 37,024	\$ 37,024	\$
Cash – Savings	<u>240,182</u>	<u>100,000</u>	<u>140,182</u>
	<u>\$277,206</u>	<u>\$137,024</u>	<u>\$140,182</u>

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2007

NOTE F – LONG-TERM DEBT

The Organization borrowed \$324,096 in October 2000, for the purpose of purchasing a new fire truck with a cost of \$384,096. The loan is payable with interest at 6.89% per annum and is secured by the fire truck.

<u>Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2008	\$ 57,522	\$ 9,017	\$ 48,505
2009	46,018	4,118	41,900
2010	<u>34,513</u>	<u>1,156</u>	<u>33,357</u>
TOTALS	<u>\$138,053</u>	<u>\$14,291</u>	<u>\$123,762</u>

NOTE G – AMBULANCE LEASE

The Organization borrowed \$140,000 in February 2005, for the purpose of purchasing a 2004 LifeLine Medium Duty Ambulance with a cost of \$140,000. The loan is payable with interest at 4.59% per annum and is secured by the ambulance. After lease is completed, the ambulance may be purchased for \$1.

<u>Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2008	\$26,823	\$3,331	\$23,492
2009	26,823	2,222	24,601
2010	26,823	1,059	25,764
2011	<u>6,706</u>	<u>77</u>	<u>6,629</u>
	<u>\$87,175</u>	<u>\$6,689</u>	<u>\$80,486</u>

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2007

NOTE H – SOURCES OF REVENUES

The Organization is financed with contracts with local units of government as follows:

	For Period Ending Ending December 31, 2007	
	<u>Ambulance</u>	<u>Fire</u>
Burns Township	\$63,400	\$
Antrim Township	39,836	39,545
Bennington Township	35,746	43,231
NIESA		10,745
Perry Township	79,347	92,156
City of Perry	44,640	46,618
Shiawassee Township	11,340	

In addition, they received reimbursements from third party insurance companies for fire costs and ambulance runs.

REQUIRED SUPPLEMENTAL INFORMATION

SOUTHWEST SHIAWASSEE EMERGENCY SERVICES ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Contribution – Ambulance	\$267,840	\$269,433	\$ 274,309	\$ (4,876)
Contribution – Fire	226,630	228,220	232,295	(4,075)
Fees for Services	261,000	327,380	540,920	(213,540)
Interest Income		9,754	9,991	(237)
Miscellaneous Expense	<u>6,000</u>	<u>706</u>	<u>706</u>	
TOTAL REVENUES	\$761,470	\$835,493	\$1,058,221	\$(222,728)
EXPENDITURES:				
Wages	\$390,850	\$375,431	\$ 379,094	\$ (3,663)
Labor Benefits	62,161	80,815	67,613	13,202
Operating Expenses	<u>191,459</u>	<u>204,883</u>	<u>373,730</u>	(168,847)
TOTAL EXPENDITURES	\$644,470	\$661,129	\$ 820,437	\$(159,308)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	\$117,000	\$174,364	\$ 237,784	\$ (63,420)
OTHER FINANCING SOURCES:				
Transfers Out – Capital Fund	\$117,000	\$174,309	\$ 184,137	\$ (9,828)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES				
	\$ _____	\$ _____55	\$ 53,647	\$ (53,592)
Fund Balance January 1, 2007			<u>121,709</u>	
FUND BALANCE DECEMBER 31, 2007			<u>\$ 175,356</u>	

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



DEMIS and WENZLICK, P.C.

Certified Public Accountants

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

217 N. Washington Street
Pabst Building, Suite 201
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143
E-MAIL office@dw-cpa.com

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
Bruce Wenzlick

Southwest Shiawassee Emergency Services Alliance
Shiawassee 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 Southwest Shiawassee Emergency Services Alliance for the year ended December 31, 2007.

As a result of our examination of S.S.E.S.A.'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 December 31.

GENERAL LEDGER

The general ledger is an important accounting tool, an important internal control and a state mandated record. S.S.E.S.A. maintained a general ledger during the year ended December 31, 2007, however, it was a combined general ledger with the Capital Projects Fund and the General Fund. In order to be able to record the deposits and transfers correctly, the two funds need to be split and two separate general ledgers need to be kept.

BANK RECONCILIATION

We could not locate bank reconciliations. Monthly reconciliations of all cash accounts are required by the State of Michigan. The bank accounts should be reconciled by someone other than whoever is making the bank deposits.

RECEIPT BOOK

The State Department of Treasury's Uniform Accounting Procedures Manual outlines minimum internal controls that every unit of government in Michigan should have in place. One procedure is to use pre-numbered, three-part official receipts. Every time money is received a receipt needs to be issued.

CHART OF ACCOUNTS

Act 2, Public Acts of 1968, as amended, requires use of a standard chart of accounts, the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan. A copy of the uniform chart of accounts will be provided if requested.

We would like to thank S.S.E.S.A. for the excellent cooperation we received in performing the 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
February 18, 2009