BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY

Richmond, Michigan

ANNUAL FINANCIAL REPORT

WITH SUPPLEMENTAL INFORMATION

PREPARED IN ACCORDANCE WITH GASB 34

June 30, 2004

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
JOINT OWNERSHIP ☐ City ☐ Township ☐ Village ☐ Other	RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY	MACOMB

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
6/30/2004	9/16/2004	11/29/2004

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

RECEIVED
DEPT. OF TREASURY
NOV 30 2004
LOCAL AUDIT & FINANCE DIV.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)			
BUSS & COMPANY, P.C.			
Street Address	City	State	ZIP
42550 GARFIELD, SUITE 105	CLINTON TWP.	MI	48038
Accountant Signature	JOHN E. GIDEON	Date	11/29/04

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
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BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

INDEPENDENT AUDITOR'S REPORT

September 16, 2004

Board of Directors
Richmond-Lenox E.M.S. Ambulance Authority
Richmond, Michigan 48062

Honorable Members:

We have audited the accompanying basic financial statements of the Richmond-Lenox E.M.S. Ambulance Authority (the Authority) as of June 30, 2004 and 2003, and for the years then ended as listed in the table of contents. These basic 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. 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Richmond-Lenox E.M.S. Ambulance Authority, as of June 30, 2004 and 2003, and the changes in its financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Authority has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," as of June 30, 2004.

The Management's Discussion and Analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board (GASB). 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.

Respectfully submitted,

BUSS & COMPANY, P.C.

Buss & Company PC

Certified Public Accountants

db

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2004

Using this Annual Report

This annual report consists of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. Along with the footnotes, they provide detailed financial information concerning the Authority. This section, the Management's Discussion and Analysis, is intended to provide an overview of the Authority's financial condition, results of operations, and other key information.

Financial Overview

In analyzing the Authority's financial position, it is important to recognize the purpose of the Authority. The Richmond-Lenox E.M.S. Ambulance Authority was organized by the Townships of Lenox and Richmond. The organization was established in a nonprofit capacity to provide the citizens of the two townships with an efficient and complete emergency medical service. This service has been extended to include surrounding communities through contractual agreement. The Authority is governed by a board composed of elected members from the Townships of Lenox and Richmond.

The following table shows the major components of net assets for June 30, 2004 and 2003:

	2004	2003
Capital Assets	$1,102,311	$ 500,221
Other Assets	321,056	965,206
Total Assets	$1,423,367	$1,465,427
Long-Term Liabilities	$ 634,716	$ 706,412
Other Liabilities	270,393	162,483
Total Liabilities	$ 905,109	$ 868,895
Net Assets:		
Invested in capital assets, net of related debt	$ 391,165	$ 349,318
Unrestricted	127,093	247,214
Total Net Assets	$ 518,258	$ 596,532

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2004

Financial Overview (Continued)

The following table shows the major components of the increase in net assets for the year ended June 30, 2004 and 2003:

	2004	2003
Revenues:		
Charges for services	$ 764,054	$ 850,253
Municipal subsidies	254,500	138,679
Interest	4,520	137
Grants/donations/other	202,273	109,630
Total Revenues	$1,225,347	$1,098,699
Expenses	(1,303,621)	(1,081,932)
Change in Net Assets	($ 78,274)	$ 16,767
Net Assets - Beginning	596,532	579,765
Net Assets - Ending	$ 518,258	$ 596,532

The decrease in the Authority's net assets of $78,274 was due primarily to a decrease in ambulance collections and increasing insurance and employee costs created with an additional station.

Capital Assets

Capital assets, consisting of building, equipment, and vehicles for a new station were added during the years ended June 30, 2004 and 2003 in the amounts of $662,534 and $118,728, respectively.

Long-Term Debt

The Authority reduced its notes payable during the year by $69,757. Interest expense for the years ended June 30, 2004 and 2003 was $26,059 and $8,978, respectively.

Contacting the Authority's Management

The financial report is designed to provide participating townships and their residents with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report please contact the Authority's Director at 34505 32 Mile Road, Richmond, Michigan 48062.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit A

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2004 and 2003

	2004	2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 127,489	$ 729,295
Accounts receivable, net of allowance	193,567	211,795
Due from other governmental units	-	24,116
Total Current Assets	$ 321,056	$ 965,206
CAPITAL ASSETS:		
Capital assets not being depreciated	$ 20,012	$ 39,121
Other capital assets, net of depreciation	1,082,299	461,100
Total Capital Assets	$1,102,311	$ 500,221
Total Assets	$1,423,367	$1,465,427
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 158,575	$ 26,339
Accrued expenses	3,455	3,872
Deferred revenue	31,933	57,781
Current portion of long-term debt	76,430	74,491
Total Current Liabilities	$ 270,393	$ 162,483
LONG-TERM DEBT, LESS CURRENT PORTION	634,716	706,412
Total Liabilities	$ 905,109	$ 868,895
NET ASSETS:		
Invested in capital assets, net of related debt	$ 391,165	$ 349,318
Unrestricted	127,093	247,214
Total Net Assets	$ 518,258	$ 596,532

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For The Years Ended June 30, 2004 and 2003

	2004	2003
OPERATING REVENUES:		
Ambulance service fees	$ 726,493	$ 816,363
Municipal subsidies	254,500	138,679
Registration fees	23,379	22,565
Operating grants	119,676	65,622
Wheelchair van user fees	6,296	5,342
Donations	4,870	6,888
Immunizations	7,886	5,983
Other	14,909	8,992
Total Operating Revenues	$1,158,009	$1,070,434
OPERATING EXPENSES:		
Advertising	$ 1,736	$ 1,850
Billing service fees	70,336	78,480
Clothing supplies	6,562	2,110
Collection fees	2,323	2,076
Committee fees	2,900	2,600
Depreciation	60,444	50,962
Dispatch services	1,800	1,650
Dues, conferences and licenses	743	1,384
Equipment and room rental	6,105	6,685
Insurance - General	101,742	89,558
Insurance - Health	86,511	54,041
Miscellaneous	10,909	14,480
Medical supplies	21,855	23,734
Office supplies	22,075	7,381
Postage	2,257	2,934
Professional services	9,313	9,699
Repairs and maintenance:		
Building	9,638	7,084
Equipment	14,632	8,399
Vehicles	25,390	30,581
Wheelchair van	11,448	8,989
Taxes - Payroll	59,472	50,293
Telephone	16,143	14,732
Textbooks	3,125	3,874

(Continued)

Buss & Company, P.C.
Certified Public Accountants
Clinton Township, Michigan

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS, CONTINUED
For The Years Ended June 30, 2004 and 2003

	2004	2003
OPERATING EXPENSES: (Continued)		
Travel, entertainment, and employee relations	$ 1,335	$ 2,708
Utilities	14,657	10,087
Vaccines - OSHA Compliance	2,407	925
Vehicle operation	14,459	14,211
Vehicle operation - Wheelchair van	8,717	7,698
Wages, Retirement and Other:		
Director	56,414	55,400
Deputy Director	47,587	45,067
Paramedics	234,754	166,248
EMT and support staff	248,503	206,156
Wheelchair van driver	41,027	31,018
Overtime	60,243	59,860
Total Operating Expenses	$1,277,562	$1,072,954
OPERATING INCOME (LOSS)	($ 119,553)	($ 2,520)
NON-OPERATING INCOME (EXPENSE):		
Interest income	$ 4,520	$ 137
Capital grants	62,818	28,184
Gain (loss) on disposal of property	-	(56)
Interest expense	(26,059)	(8,978)
Total Non-Operating Income (Expense)	$ 41,279	$ 19,287
CHANGE IN NET ASSETS	($ 78,274)	$ 16,767
TOTAL NET ASSETS - BEGINNING	596,532	579,765
TOTAL NET ASSETS - ENDING	$ 518,258	$ 596,532

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF CASH FLOWS
For The Years Ended June 30, 2004 and 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$782,282	$860,556
Operating grants received	117,944	119,119
Operating subsidies from other governments	254,500	138,679
Other operating receipts	19,779	15,880
Cash paid to suppliers for goods and services	(396,771)	(460,567)
Cash paid to employees	(688,528)	(563,749)
Net Cash Provided (Used) by Operating Activities	$ 89,206	$109,918
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Principal payments on operating loans	$ -	($ 77,233)
Interest payments on operating loans	-	(3,424)
Net Cash Provided (Used) by Non-Capital Financing Activities	$ -	($ 80,657)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	$ 62,818	$ 28,184
Proceeds from capital loans	-	828,957
Acquisition of property and equipment	(662,534)	(118,728)
Principal payments on capital loans	(69,757)	(95,610)
Interest payments on capital loans	(26,059)	(5,554)
Net Cash Provided (Used) by Capital and Related Financing Activities	($695,532)	$637,249
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	$ 4,520	$ 137
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	($601,806)	$666,647
CASH AND CASH EQUIVALENTS - JULY 1	729,295	62,648
CASH AND CASH EQUIVALENTS - JUNE 30	$127,489	$729,295

(Continued)

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
COMPARATIVE STATEMENT OF CASH FLOWS, CONTINUED
For The Years Ended June 30, 2004 and 2003

	2004	2003
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	($119,553)	($ 2,520)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	$ 60,444	$ 50,962
(Increase) decrease in accounts receivable (net)	42,344	10,303
Increase (decrease) in accounts payable	132,236	2,058
Increase (decrease) in accrued liabilities	(417)	(4,382)
Increase (decrease) in deferred revenue	(25,848)	53,497
Total Adjustments	$208,759	$112,438
Net Cash Provided (Used) by Operating Activities	$ 89,206	$109,918

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Richmond-Lenox E.M.S. Ambulance Authority was organized by the Townships of Lenox and Richmond, both being in Macomb County, Michigan. The organization was established in a nonprofit capacity to provide the citizens of the two townships with an efficient and complete emergency medical service. This service has been extended to include surrounding communities through contractual agreement. The entity is organized under the Ambulance Authority Act of the State. The Authority is governed by a board composed of elected members from the Townships of Lenox and Richmond.

The accounting policies of Richmond-Lenox E.M.S. Ambulance Authority conform to 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:

Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, issued in June 1999.

Basis of Accounting - The accounts of the Authority are organized as an Enterprise Fund, which is used to account for its operations as a provider of emergency medical services. These services are financed primarily through user charges.

The accrual basis of accounting is used to account for the operations of this Enterprise Fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

Cash and Cash Equivalents - The Authority considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable - The Authority's accounts receivable are comprised of amounts due from individuals, insurance companies and other third party payers. Gross accounts receivable have been adjusted for financial statement purposes, to reflect the amount expected to be collected. All receivables turned over to a collection agency have been excluded. An allowance for doubtful accounts has been established for estimated losses on accounts receivable based on bad debt experience and a review of existing accounts receivable.

Capital Assets - Capital assets, which consists of property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets.

Major classifications of property and equipment and their respective lives are summarized as follows:

CLASSIFICATION	DEPRECIABLE LIVES
Land improvements	15 years
Furniture and fixtures	3-7 years
Vehicles	5-10 years
Equipment	5-10 years
Building improvements	10-39 years

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications - Comparative data for the prior year have been presented in order to provide an understanding of the changes in financial position and operations of the Authority. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - CASH AND CASH EQUIVALENTS:

The Authority's cash and cash equivalents consist of bank deposits. The deposits were reflected in the accounts of the bank of the Authority (without recognition of checks written but not yet cleared or of deposits-in-transit) at $130,945 on June 30, 2004. Of this amount $101,256 was covered by federal depository insurance. The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC Insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution it deposits Authority funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable as of June 30, 2004 and 2003, including the applicable allowances for uncollectible accounts are as follows:

	2004	2003
Gross Receivables	$252,106	$264,775
Less: Allowance for uncollectibles	58,539	52,980
Net Receivables	$193,567	$211,795

(Continued)

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the current year was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital Assets Not Being Depreciated:				
Land	$ 20,012	$ -	$ -	$ 20,012
Construction in progress	19,109	-	19,109	-
Subtotal	$ 39,121	$ -	$ 19,109	$ 20,012
Capital Assets Being Depreciated:				
Buildings	$322,082	$655,629	$ 1,615	$ 976,096
Land improvements	21,614	-	-	21,614
Equipment	106,405	21,298	13,303	114,400
Vehicles	291,874	-	-	291,874
Furniture and fixtures	51,500	4,716	6,328	49,888
Subtotal	$793,475	$681,643	$ 21,246	$1,453,872
Less: Accumulated Depreciation for:				
Buildings	$ 87,355	$ 15,471	$ 1,615	$ 101,211
Land improvements	7,361	1,440	-	8,801
Equipment	83,233	7,713	13,303	77,643
Vehicles	114,501	31,665	-	146,166
Furniture and fixtures	39,925	4,155	6,328	37,752
Subtotal	$332,375	$ 60,444	$ 21,246	$ 371,573
Net Capital Assets Being Depreciated	$461,100	$621,199	$ -	$1,082,299
Capital Assets - Net of Depreciation	$500,221	$621,199	$ 19,109	$1,102,311

(Continued)

NOTE 5 - LONG-TERM DEBT:

Long-term debt consists of the following:

Note payable to a commercial bank in monthly installments of $1,120, including interest at 2.75%. Final payment is due in June 2005. The note is unsecured and guaranteed by Richmond and Lenox Townships.	$ 13,098
Note payable to a commercial bank in monthly installments of $3,561, including interest at 2.26%. Final payment is due in July 2006. The note is secured by vehicles.	86,746
Note payable to a commercial bank in monthly installments of $3,783 including interest at 3.87%. Final payment is due in July 2023. The note is unsecured. Refer to Note 9 for additional information.	611,302
Total	$711,146
Less: Current portion	76,430
Long-Term Portion	$634,716

A summary of changes in long-term debt follows:

	BALANCE 7/1/03	ADDITIONAL BORROWING	PRINCIPAL PAYMENTS	BALANCE 6/30/04
Note payable - Vehicles	$123,756	$ -	$ 37,010	$ 86,746
Note payable - Vehicles	27,147	-	14,049	13,098
Note payable - Building	630,000	-	18,698	611,302
Total	$780,903	$ -	$ 69,757	$711,146

Annual debt service requirements to maturity for the above obligations are as follows:

	PRINCIPAL	INTEREST	TOTAL
2005	$ 76,430	$ 24,993	$101,423
2006	65,144	22,986	88,130
2007	27,347	21,488	48,835
2008	24,863	20,539	45,402
2009	25,842	19,559	45,401
2010-2014	145,307	81,700	227,007
2015-2019	176,275	50,733	227,008
2020-2024	169,938	13,907	183,845
Total	$711,146	$255,905	$967,051

(Continued)

NOTE 6 - DEFERRED REVENUE:

Deferred revenue is reported in connection with resources that have been received, but not yet earned. At June 30, 2004, the components of deferred revenue were as follows:

Suburban Mobility Authority for Regional Transportation - Chesterfield Township	$ 31,933

NOTE 7 - DEFERRED COMPENSATION PLAN:

Richmond-Lenox E.M.S. Ambulance Authority has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted to any other use. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the financial statements of Richmond-Lenox E.M.S. Ambulance Authority.

NOTE 8 - RISK MANAGEMENT AND LITIGATION:

Richmond-Lenox E.M.S. Ambulance Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and workers' compensation, as well as medical benefits provided to employees.

The Authority has purchased commercial insurance for these claims through the Michigan Townships Participating Plan.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Based upon independent legal confirmation, there would appear to be no litigation against the Ambulance Authority which would involve monetary damages, if any, in excess of insurance policy limits.

NOTE 9 - COMMITMENTS:

The Authority completed construction of its third station during the year ended June 30, 2004. As indicated in Note 5, outstanding debt related to this project is $611,302.

Richmond Township and Lenox Township have each committed to allocate future Community Development Block Grant funds to assist Richmond-Lenox E.M.S. in repayment of the debt associated with the construction project indicated above, as follows:

		TOTAL
Richmond Township	$20,000 annually 2004-2011	$160,000
Lenox Township	$20,000 annually 2004-2012	180,000

BUSS & COMPANY, P.C.

Certified Public Accountants
42550 Garfield, Suite 105
Clinton Township, Michigan 48038

Telephone (586) 263-8200
Facsimile (586) 263-8329

Gerald H. Dryer, C.P.A.
Paul K. Burback, C.P.A.
John E. Gideon, C.P.A.
Thomas J. Thomas, C.P.A.

MEMBERS
The American Institute of Certified Public Accountants

The Michigan Association of Certified Public Accountants

September 16, 2004

Board of Directors
Richmond-Lenox E.M.S. Ambulance Authority
34505 32 Mile Road
Richmond, Michigan 48062

Re: Supplemental Systems and Internal Control Comments and Recommendations in conjunction with the annual audit for the year ended June 30, 2004

Honorable Members:

We have audited the financial statements of Richmond-Lenox E.M.S. Ambulance Authority, Richmond, Michigan for the year ended June 30, 2004 and have issued our audit report thereon dated September 16, 2004. Included within the purview of the audit, are the requirements under P.A. 2, P.A. of 1968, as amended, that we review internal controls and procedures and report on the result of comments and recommendations made in the preceding year. In fulfillment of this requirement, the following items are presented. Internal control comments are made encompassing the concept that the cost of any internal control system should not be greater than the benefits obtained.

PRIOR YEAR COMMENTS

In the previous year we made recommendations relating to various transactions between the Authority and Richmond and Lenox Townships. We recommended that transactions relating to the use of property and equipment or other commitments extending beyond a year be documented to reduce the potential occurrence of problems. After discussing our concerns with legal counsel, the intentions of the parties involved were documented in the minutes at the next annual meeting. In addition, it was agreed to handle similar transactions differently in the future to avoid potential problems.

CURRENT YEAR COMMENTS

The Authority has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" as of June 30, 2004. The new reporting model modifies the presentation of certain information and includes a "Management's Discussion and Analysis" section. This analysis provides management's insight as to transactions, events, and conditions that are reflected in the financial report.

As presented in Exhibit A of the annual report, the Ambulance Authority's net assets decreased from $596,532 at June 30, 2003 to $518,258 at June 30, 2004. A majority of the Authority's net assets are invested in capital assets, net of debt. These assets are obviously valuable to the organization, but they are not readily convertible to cash and, therefore, not available for expenditure.

In an effort to improve the Ambulance Authority's cash flow, management has continued to work closely with the outside billing agency. The accounts receivable, net of allowance at June 30, 2004 was $193,567, representing approximately 97 days sales compared to $211,795 at June 30, 2003 which represented 94 days sales. Management should continue to monitor billing and collection procedures in an effort to improve the timing and amount of billings that are actually collected.

The Ambulance Authority has once again experienced significant increases in its insurance costs due primarily to rising premiums. The increase in premiums is due in part to increases in insurance rates, as well as the addition of property and equipment, and an increase in payroll expenditures during the year.

This report is intended solely for the information and use of the Board of Directors, management, and others within the administration of the Richmond-Lenox E.M.S. Ambulance Authority. This restriction is not intended to limit distribution of this report which, upon acceptance by the Board of Directors, is a matter of public record.

We would like to thank the E.M.S. Officials and staff personnel for their help and compliment them on their enthusiastic attitude.

Respectfully submitted,

BUSS & COMPANY, P.C.

Buss & Company PC

Certified Public Accountants

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