

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, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		JOINT VENTURE	Local Unit Name RICHMOND-LENOX EMS AMBULANCE AUTHORITY	County MACOMB
Fiscal Year End 6/30/07	Opinion Date 10/19/07	Date Audit Report Submitted to State 10/29/07		

We affirm that:

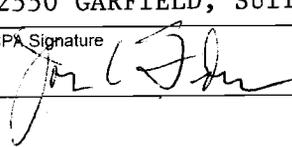
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | | |
|-----|----|--|
| YES | NO | Check each applicable box below. (See instructions for further detail.) |
|-----|----|--|
1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 4. The local unit has adopted a budget for all required funds.
 5. A public hearing on the budget was held in accordance with State statute.
 6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 8. The local unit only holds deposits/investments that comply with statutory requirements.
 9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 11. The local unit is free of repeated comments from previous years.
 12. The audit opinion is UNQUALIFIED.
 13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 14. The board or council approves all invoices prior to payment as required by charter or statute.
 15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BUSS & COMPANY, P.C.			Telephone Number (586) 263-8200	
Street Address 42550 GARFIELD, SUITE 105			City CLINTON TWP.	State MI
			Zip 48038	
Authorizing CPA Signature 		Printed Name JOHN E. GIDEON		License Number 1101007016

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
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INDEPENDENT AUDITOR'S REPORT

October 19, 2007

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

Honorable Members:

We have audited the accompanying financial statements of the Richmond-Lenox E.M.S. Ambulance Authority (the Authority) as of June 30, 2007 and 2006, and for the years then ended as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richmond-Lenox E.M.S. Ambulance Authority, as of June 30, 2007 and 2006, 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.

The Management's Discussion and Analysis (identified in the table of contents) is not a required part of the 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.


Certified Public Accountants

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RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For The Year Ended June 30, 2007

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, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Capital Assets	\$1,221,243	\$1,145,144
Other Assets	<u>553,044</u>	<u>374,475</u>
Total Assets	<u>\$1,774,287</u>	<u>\$1,519,619</u>
Long-Term Liabilities	\$ 502,099	\$ 530,247
Other Liabilities	<u>488,038</u>	<u>343,368</u>
Total Liabilities	<u>\$ 990,137</u>	<u>\$ 873,615</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 673,993	\$ 586,702
Unrestricted	<u>110,157</u>	<u>59,302</u>
Total Net Assets	<u>\$ 784,150</u>	<u>\$ 646,004</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2007

Financial Overview (Continued)

The following table shows the major components of the increase in net assets for the year ended June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Revenues:		
Charges for services	\$1,080,415	\$1,056,323
Municipal subsidies	427,792	359,601
Interest	5,849	2
Grants/donations/other	<u>367,162</u>	<u>312,706</u>
Total Revenues	<u>\$1,881,218</u>	<u>\$1,728,632</u>
Expenses	<u>(1,743,072)</u>	<u>(1,605,069)</u>
Change in Net Assets	\$ 138,146	\$ 123,563
Net Assets - Beginning	<u>646,004</u>	<u>522,441</u>
Net Assets - Ending	<u>\$ 784,150</u>	<u>\$ 646,004</u>

The Authority experienced an increase in net assets of \$138,146. Key reasons for the change in net assets were increased volume due to rising population, pursuit of additional grant funding and an increase in municipal subsidies. In addition, the Authority has continued to monitor and control expenses as much as possible.

Capital Assets

Capital assets, consisting of building, equipment, and vehicles were added during the years ended June 30, 2007 and 2006 in the amounts of \$173,781 and \$81,772, respectively. Refer to Note 4 for additional details.

Long-Term Debt

The Authority reduced its notes payable during the year by \$11,193. Interest expense for the years ended June 30, 2007 and 2006 was \$25,566 and \$22,841, respectively. Refer to Note 5 for additional details.

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.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 COMPARATIVE STATEMENT OF NET ASSETS
 June 30, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 296,619	\$ 194,750
Accounts receivable, net of allowance	247,080	179,725
Prepaid expenses	<u>9,345</u>	<u>-</u>
Total Current Assets	<u>\$ 553,044</u>	<u>\$ 374,475</u>
<u>CAPITAL ASSETS:</u>		
Capital assets not being depreciated	\$ 20,012	\$ 20,012
Other capital assets, net of depreciation	<u>1,201,231</u>	<u>1,125,132</u>
Total Capital Assets - Net of Depreciation	<u>\$1,221,243</u>	<u>\$1,145,144</u>
Total Assets	<u><u>\$1,774,287</u></u>	<u><u>\$1,519,619</u></u>
 <u>LIABILITIES</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 321,130	\$ 250,409
Accrued expenses	985	3,477
Deferred revenue	120,773	61,287
Current portion of long-term debt	<u>45,150</u>	<u>28,195</u>
Total Current Liabilities	<u>\$ 488,038</u>	<u>\$ 343,368</u>
LONG-TERM DEBT, LESS CURRENT PORTION	<u>502,099</u>	<u>530,247</u>
Total Liabilities	<u><u>\$ 990,137</u></u>	<u><u>\$ 873,615</u></u>
 <u>NET ASSETS:</u>		
Invested in capital assets, net of related debt	\$ 673,993	\$ 586,702
Unrestricted	<u>110,157</u>	<u>59,302</u>
Total Net Assets	<u><u>\$ 784,150</u></u>	<u><u>\$ 646,004</u></u>

See accompanying notes to financial statements.

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUES:</u>		
Ambulance service fees	\$1,021,788	\$ 999,116
Municipal subsidies	427,792	359,601
Registration fees	34,061	31,416
Operating grants	222,213	158,456
Wheelchair van user fees	9,570	10,048
Donations	-	9,392
Immunizations	14,996	15,743
Other	<u>8,767</u>	<u>33,920</u>
Total Operating Revenues	<u>\$1,739,187</u>	<u>\$1,617,692</u>
<u>OPERATING EXPENSES:</u>		
Advertising	\$ 3,300	\$ 1,351
Billing service fees	79,402	82,170
Clothing supplies	2,816	1,788
Collection fees	-	1,482
Committee fees	2,400	2,150
Depreciation	96,501	80,647
Dispatch services	2,100	1,718
Dues, conferences and licenses	2,252	2,900
Equipment and room rental	9,924	8,182
Insurance - General	123,665	100,375
Insurance - Health	130,266	117,129
Miscellaneous	28,333	21,416
Medical supplies	28,302	22,000
Office supplies	11,605	5,449
Postage	2,483	2,620
Professional services	13,348	9,117
Repairs and maintenance:		
Building	31,131	23,713
Equipment	30,852	30,996
Vehicles	34,994	32,214
Wheelchair van	11,542	11,359
Taxes - Payroll	74,924	71,270
Telephone	16,261	14,001
Textbooks	5,841	3,168

(Continued)

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>OPERATING EXPENSES:</u> (Continued)		
Travel, entertainment, and employee relations	\$ 2,948	\$ 1,913
Utilities	19,405	18,749
Vaccines - OSHA Compliance	2,639	2,665
Vehicle operation	30,767	35,874
Vehicle operation - Wheelchair van	26,414	25,797
Wages, Retirement and Other:		
Director	64,450	61,300
Deputy Director	55,043	52,729
Paramedics	283,407	283,396
EMT and support staff	327,508	318,209
Wheelchair van driver	75,819	72,690
Overtime	<u>86,513</u>	<u>61,691</u>
Total Operating Expenses	<u>\$1,717,155</u>	<u>\$1,582,228</u>
 OPERATING INCOME (LOSS)	 <u>\$ 22,032</u>	 <u>\$ 35,464</u>
 <u>NON-OPERATING INCOME (EXPENSE):</u>		
Interest income	\$ 5,849	\$ 2
Capital grants	136,182	110,938
Gain (loss) on disposal of property	(351)	-
Interest expense	<u>(25,566)</u>	<u>(22,841)</u>
Total Non-Operating Income (Expense)	<u>\$ 116,114</u>	<u>\$ 88,099</u>
 CHANGE IN NET ASSETS	 <u>\$ 138,146</u>	 <u>\$ 123,563</u>
 TOTAL NET ASSETS - BEGINNING	 <u>646,004</u>	 <u>522,441</u>
 TOTAL NET ASSETS - ENDING	 <u>\$ 784,150</u>	 <u>\$ 646,004</u>

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 COMPARATIVE STATEMENT OF CASH FLOWS
 For The Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from customers	\$1,013,060	\$1,012,602
Operating grants received	281,699	187,410
Operating subsidies from other governments	427,792	359,601
Other operating receipts	8,767	43,312
Cash paid to suppliers for goods and services	(669,029)	(682,090)
Cash paid to employees	(892,741)	(850,015)
Net Cash Provided (Used) by Operating Activities	<u>\$ 169,548</u>	<u>\$ 70,820</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital grants received	\$ 136,182	\$ 110,938
Proceeds from loans	60,000	18,000
Acquisition of property and equipment	(173,781)	(81,772)
Principal payments on loans	(71,193)	(94,623)
Interest payments on loans	(25,566)	(22,841)
Proceeds from disposal of assets	830	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(\$ 73,528)</u>	<u>(\$ 70,298)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	<u>\$ 5,849</u>	<u>\$ 2</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 101,869	\$ 524
CASH AND CASH EQUIVALENTS - JULY 1	<u>194,750</u>	<u>194,226</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 296,619</u></u>	<u><u>\$ 194,750</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income (loss)	<u>\$ 22,032</u>	<u>\$ 35,464</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 96,501	\$ 80,647
(Increase) decrease in accounts receivable (net)	(67,355)	(43,721)
(Increase) decrease in prepaid expenses	(9,345)	-
Increase (decrease) in accounts payable	70,721	(32,749)
Increase (decrease) in accrued liabilities	(2,492)	2,225
Increase (decrease) in deferred revenue	<u>59,486</u>	<u>28,954</u>
Total Adjustments	<u>\$ 147,516</u>	<u>\$ 35,356</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 169,548</u></u>	<u><u>\$ 70,820</u></u>

See accompanying notes to financial statements.

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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. Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

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.

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

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.

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 June 30, 2007

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

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:

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

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.

NOTE 2 - CASH AND CASH EQUIVALENTS:

The Authority's cash and cash equivalents consist of bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2007, \$164,223 of the Authority's bank balance of \$275,911 was exposed to custodial credit risk as follows:

	<u>INSURED (FDIC)</u>	<u>UNINSURED AND UNCOLLATERALIZED</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE/ MARKET VALUE</u>
<u>DEPOSITS:</u>				
Demand deposits	\$111,688	\$164,223	\$296,619	\$275,911

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 June 30, 2007

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable as of June 30, 2007 and 2006, including the applicable allowances for uncollectible accounts are as follows:

	<u>2007</u>	<u>2006</u>
Gross Receivables	\$274,246	\$207,094
Less: Allowance for uncollectibles	<u>27,166</u>	<u>27,369</u>
Net Receivables	<u>\$247,080</u>	<u>\$179,725</u>

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the current year was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Capital Assets Not Being Depreciated:				
Land	\$ 20,012	\$ -	\$ -	\$ 20,012
Capital Assets Being Depreciated:				
Buildings	\$ 982,805	\$ 17,400	\$ 2,000	\$ 998,205
Land improvements	35,032	-	3,080	31,952
Equipment	160,076	72,710	8,900	223,886
Vehicles	351,637	83,671	5,000	430,308
Furniture and fixtures	<u>52,676</u>	<u>-</u>	<u>-</u>	<u>52,676</u>
Subtotal	<u>\$1,582,226</u>	<u>\$173,781</u>	<u>\$ 18,980</u>	<u>\$1,737,027</u>
Less: Accumulated Depreciation for:				
Buildings	\$ 151,885	\$ 26,087	\$ 2,000	\$ 175,972
Land improvements	11,740	2,257	1,899	12,098
Equipment	87,899	21,099	8,900	100,098
Vehicles	160,203	44,853	5,000	200,056
Furniture and fixtures	<u>45,367</u>	<u>2,205</u>	<u>-</u>	<u>47,572</u>
Subtotal	<u>\$ 457,094</u>	<u>\$ 96,501</u>	<u>\$ 17,799</u>	<u>\$ 535,796</u>
Net Capital Assets Being Depreciated	<u>\$1,125,132</u>	<u>\$ 77,280</u>	<u>\$ 1,181</u>	<u>\$1,201,231</u>
Capital Assets - Net of Depreciation	<u>\$1,145,144</u>	<u>\$ 77,280</u>	<u>\$ 1,181</u>	<u>\$1,221,243</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
 Richmond, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 June 30, 2007

NOTE 5 - LONG-TERM DEBT:

Long-term debt consists of the following:

Note payable to a commercial bank in monthly installments of \$1,361, including interest at 4.20%. Final installment is due in October 2010. The note is secured by a 2006 Ford E-350 Cut-Away Modular Ambulance.	\$ 50,729
Note payable to a commercial bank in monthly installments of \$338, including interest at 4.75%. Final payment is due in June 2011. The note is secured by a 2006 Jeep Liberty.	15,048
Note payable to a commercial bank in monthly installments of \$3,783 including interest at 3.87%. Final payment is due in January 2021. The note is unsecured. Refer to Note 9 for additional information.	<u>481,472</u>
Total	\$547,249
Less: Current portion	<u>45,150</u>
Long-Term Portion	<u>\$502,099</u>

A summary of changes in long-term debt follows:

	<u>BALANCE</u> <u>7/1/06</u>	<u>ADDITIONAL</u> <u>BORROWING</u>	<u>PRINCIPAL</u> <u>PAYMENTS</u>	<u>BALANCE</u> <u>6/30/07</u>
Note payable - Ambulance	\$ -	\$ 60,000	\$ 9,271	\$ 50,729
Note payable - Vehicles	18,000	-	2,952	15,048
Note payable - Building	<u>540,442</u>	<u>-</u>	<u>58,970</u>	<u>481,472</u>
Total	<u>\$558,442</u>	<u>\$ 60,000</u>	<u>\$ 71,193</u>	<u>\$547,249</u>

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

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$ 45,150	\$ 20,632	\$ 65,782
2009	47,010	18,772	65,782
2010	48,946	16,836	65,782
2011	40,254	14,959	55,213
2012	31,796	13,600	45,396
2013-2017	178,786	48,194	226,980
2018-2021	<u>155,307</u>	<u>11,544</u>	<u>166,851</u>
Total	<u>\$547,249</u>	<u>\$144,537</u>	<u>\$691,786</u>

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2007

NOTE 6 - DEFERRED REVENUE:

Deferred revenue is reported in connection with resources that have been received, but not yet earned. At June 30, 2007, the components of deferred revenue were as follows:

Suburban Mobility Authority for Regional Transportation:		
Chesterfield Township	\$ 34,300	
New Baltimore	8,750	
New Haven	<u>16,973</u>	\$ 60,023
Richmond Township		<u>60,750</u>
		<u>\$120,773</u>

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.

(Continued)

RICHMOND-LENOX E.M.S. AMBULANCE AUTHORITY
Richmond, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2007

NOTE 9 - COMMITMENTS:

The Authority completed construction of its third station during the year ended June 30, 2005. As indicated in Note 5, outstanding debt related to this project is \$481,472.

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:

		<u>TOTAL</u>
Richmond Township	\$20,000 annually 2007-2011	\$100,000
Lenox Township	\$20,000 annually 2007-2012	120,000

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS:

The Authority has elected to provide post-employment health benefits to certain retirees and their beneficiaries. The Authority will pay the full cost of coverage for these benefits. The Authority obtains health care coverage through private insurers. Currently, no retirees are eligible for post-employment health benefits.

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MEMBERS
The American Institute of
Certified Public Accountants
The Michigan Association of
Certified Public Accountants

October 19, 2007

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 audit for the year ended June 30, 2007

Honorable Members:

In planning and performing our audit of the financial statements of Richmond-Lenox E.M.S. Ambulance Authority for the year ended June 30, 2007, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. The following items are presented that could affect Richmond-Lenox E.M.S. Ambulance Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Assistance With the Preparation of Financial Statements

Governmental units often utilized the auditor to assist in preparing the financial statements. This is the case of the Ambulance Authority. Governmental units have followed this practice for expediency and the utilization of expertise in financial accounting and reporting. Recent changes in generally accepted auditing standards requires us to evaluate whether this is a potential control deficiency and report same if it is a significant deficiency or material weakness.

The foregoing practice may be a significant deficiency that could be remedied with certain initiatives. The initiatives might include ongoing communications between the Ambulance Authority and the auditor regarding accounting and reporting matters. This communication would be during the interim as well as year end. This is not far from current practice. In addition, a draft of the year end financial statements would be provided to the Ambulance Authority together with a checklist of significant reporting matters. The draft and checklist would be reviewed and signed off by the Ambulance Authority with auditor response to any questions.

Retiree Health Care Benefits

The Governmental Accounting Standards Board (GASB) has released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, which will be effective for the Ambulance Authority's 2010 fiscal year. The pronouncement provides guidance for local units of government in recognizing the cost of retiree health care benefits. The intent of the new rules is to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid.

As the implementation date is drawing near, an actuarial study will need to be completed to meet the requirements of GASB 45. The study should be performed no earlier than two years prior to the beginning of the year of implementation (no earlier than July 1, 2008 for the Ambulance Authority). An actuarial report will assist the Ambulance Authority in budgeting for future payments and to determine to what extent the annual required contributions determined by the actuary will be made.

Other Comments

As presented in Exhibit A of the annual report, the Ambulance Authority's net assets increased from \$646,004 at June 30, 2006 to \$784,150 at June 30, 2007. A majority of the Ambulance Authority's net assets are invested in capital assets, net of related 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, 2007 was \$247,080, representing approximately 88 days sales compared to \$179,725 at June 30, 2006 which represented 66 days sales. The increase is due primarily to an increase in run volume in May and June which were unpaid at June 30, 2007. Management should continue to monitor billing and collection procedures in an effort to improve the timing and amount of billings that are actually collected.

This communication 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 appreciate the cooperation of the Ambulance Authority staff and Directors during our audit.

Respectfully submitted,

BUSS & COMPANY, P.C.

A handwritten signature in black ink that reads "Buess & Company, P.C." in a cursive style.

Certified Public Accountants