

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		Local Unit Name Ogemaw County Emergency Medical Services Authority	County Ogemaw
Fiscal Year End 09/30/07	Opinion Date 11/09/07	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

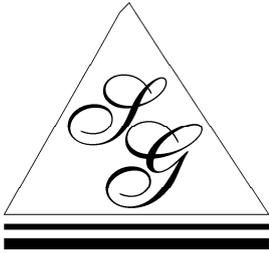
YES NO **Check each applicable box below.** (See instructions for further detail.)

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

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

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

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)
Financial Statements		<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>	
Other (Describe)		<input type="checkbox"/>	
Certified Public Accountant (Firm Name) STEPHESON, GRACIK & CO., P.C.		Telephone Number (989) 362-4491	
Street Address 325 NEWMAN STREET, PO BOX 592		City EAST TAWAS	State Zip MI 48730
Authorizing CPA Signature Don Brannan <small>Digitally signed by Don Brannan DN: cn=Don Brannan, o=00, email=donwb@stephensongracik.com, c=US Date: 2008.01.25 10:05:29 -0500</small>		Printed Name DONALD W. BRANNAN License Number 1101021039	



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Certified Public Accountants & Consultants

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OGEMAW COUNTY EMERGENCY MEDICAL
SERVICES AUTHORITY
OGEMAW COUNTY, MICHIGAN

AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2007

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BASIC FINANCIAL STATEMENTS

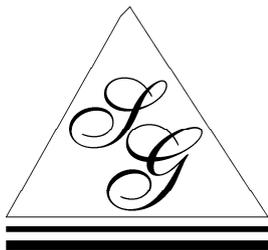
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15 - 16
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Stephenson Gracik & Co., P.C.

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November 9, 2007

Independent Auditors' Report

Members of the Authority Board
Ogemaw County Emergency Medical Services Authority
Ogemaw County, Michigan

We have audited the accompanying financial statements of the business-type activities of the Ogemaw County Emergency Medical Services Authority, Ogemaw County, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the Authority's basic financial statements as listed in the index. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the business-type activities of the Ogemaw County Emergency Medical Services Authority, Ogemaw County, Michigan, as of September 30, 2007, and the respective changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2007, on our consideration of the Ogemaw County Emergency Medical Services Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Stephenson, Gracik & Co., P.C.

OGEMAW COUNTY E.M.S. AUTHORITY
1383 Airport Road
West Branch, Michigan 48661
(989) 345-4503

Shirley A Buck, Director

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Ogemaw County Emergency Medical Services Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended September 30, 2007. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole.

Financial Highlights

- The Authority's assets exceeded its liabilities by \$1,454,785.
- The Authority's total net assets increased by \$319,033.

Overview of the Financial Statements

The financial statements are organized so the reader can understand the Authority as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The Authority's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *statement of net assets* and the *statement of activities* display information about the Authority as a whole.

The statement of net assets presents the financial condition of the business-type activities of the Authority at year end. The statement of activities presents a comparison between direct expenses and program revenues for the Authority's business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

Operating revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as operating revenues are presented as non-operating revenues of the Authority. The comparisons of direct expenses with program revenues identifies the extent to which the EMS program is self-financing or draws from the non-operating revenues of the Authority.

With this report, capital assets are listed for the Ogemaw County Emergency Medical Services Authority. These assets are comprised of machinery and equipment, vehicles, and radio towers owned by the Authority. These assets total \$609,974.

Fund Financial Statements

The Authority uses a fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Authority operates under one fund which is considered a *Proprietary Fund*.

Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided on the Authority's *government-wide* and *fund* financial statements. The notes to financial statements are presented in Exhibit D of this report.

Summary of Net Assets:

The following summarizes the net assets of the Ogemaw County Emergency Medical Services Authority:

	<u>September 30, 2007</u>	<u>September 30, 2006</u>
Current Assets	\$ 1,353,010	\$ 1,061,082
Capital Assets, Net	<u>147,396</u>	<u>141,019</u>
Total Assets	<u>1,500,406</u>	<u>1,202,101</u>
Current Liabilities	41,106	60,732
Long Term Liabilities	<u>4,515</u>	<u>5,617</u>
Total Liabilities	<u>45,621</u>	<u>66,349</u>
Net Assets		
Invested in Capital Assets	147,396	141,019
Unrestricted	<u>1,307,389</u>	<u>994,733</u>
Total Net Assets	<u>\$ 1,454,785</u>	<u>\$ 1,135,752</u>

Summary of Changes in Net Assets:

Following is an analysis of the changes in net assets of the Ogemaw County Emergency Medical Services Authority:

Generally speaking, the Authority's net assets represent the difference between assets and liabilities.

	<u>Year Ended September 30, 2007</u>	<u>Three Months Ended September 30, 2006</u>
Operating Revenue:		
User Fees	\$ 1,114,561	\$ 307,196
Other Revenue	<u>20,494</u>	<u>5,012</u>
Total Operating Revenue	<u>1,135,055</u>	<u>312,208</u>
Nonoperating Revenue:		
Federal Grants	10,800	20,848
Taxes	742,057	3,934
Intergovernmental Contributions	0	1,094,244
Interest Earned on Investments	50,653	8,726
Gain on Sale of Capital Assets	<u>10,571</u>	<u>0</u>
Total Nonoperating Revenue	<u>814,081</u>	<u>1,127,752</u>
Capital Contributions	<u>0</u>	<u>141,890</u>
Total Revenue	<u>1,949,136</u>	<u>1,581,850</u>

Summary of Changes in Net Assets: (Continued)

	Year Ended September 30, 2007	Three Months Ended September 30, 2006
Operating Expenses:		
Public Safety	\$ 1,630,103	\$ 446,098
Change in Net Assets	319,033	1,135,752
Beginning Net Assets	<u>1,135,752</u>	<u>0</u>
Ending Net Assets	<u>\$ 1,454,785</u>	<u>\$ 1,135,752</u>

Financial Analysis of Authority Fund

As noted earlier in this report, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related statutory and legal requirements. A thorough review and examination of the fund information will reveal the strengths and weaknesses of its daily operations.

Proprietary Fund

A proprietary fund is used for financing the governmental functions of the Authority. Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The Authority operates under one fund which is considered a major proprietary fund.

Capital Assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at *historical cost* or *estimated historical cost* if purchased or constructed. Donated capital assets are recorded at estimated FMV (fair market value) at the date of donation.

Capital Assets beginning balance was \$710,870 with an ending balance of \$609,974. Total Capital Assets – Net of depreciation was \$147,396. Total additions for the year were \$88,504. An expanded and detailed presentation may be seen in Note 4 of the notes to financial statements.

Economic Factors and Next Year's Budget and Rates

The Ogemaw County Emergency Medical Services Authority staff work together to maintain revenue sources and control expenditures. The main sources of revenue are user fees and property taxes.

The major expense for the Authority is salaries and wages.

The Ogemaw County Emergency Medical Services Authority staff will continue to monitor revenues and expenditures to ensure services are provided within the budgets of estimated revenue sources.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ogemaw County Emergency Medical Services Director, 1383 Airport Road, West Branch, Michigan 48661.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
September 30, 2007

Assets

Current assets:

Cash and cash equivalents (Note 2)	\$ 1,146,086
Receivables:	
Accounts receivable, net	206,924
Total current assets	1,353,010

Noncurrent assets:

Capital assets, net (Note 4)	147,396
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Total Assets	1,500,406
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Liabilities

Current liabilities:

Accounts payable	19,047
Accrued liabilities	22,059
Total current liabilities	41,106

Noncurrent liabilities:

Compensated absences (Note 5)	4,515
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Total Liabilities	45,621
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Net Assets

Invested in capital assets	147,396
Unrestricted	1,307,389
	1,454,785

Total Net Assets	\$ 1,454,785
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The accompanying notes to financial statements are an integral part of this statement.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
For the Year Ended September 30, 2007

<u>Operating Revenue</u>	
User fees	\$ 1,114,561
Other revenue	20,494
Total operating revenue	<u>1,135,055</u>
<u>Operating Expenses</u>	
Salaries and wages	864,943
Fringe benefits	333,962
Contractual services	119,636
Administrative costs	381
Gasoline and oil	52,380
Insurance	33,274
Operating supplies	40,315
Professional fees and services	13,194
Rent	40,188
Repair and maintenance	28,178
Travel and training	5,295
Utilities	5,909
Depreciation	82,127
Other	10,321
Total operating expenses	<u>1,630,103</u>
Operating loss	<u>(495,048)</u>
<u>Nonoperating Revenue</u>	
Federal grants	10,800
Taxes	742,057
Interest earned on investments	50,653
Gain on sale of capital assets	10,571
Total nonoperating revenue	<u>814,081</u>
Change in net assets	319,033
Net assets - beginning of year	<u>1,135,752</u>
Net assets - end of year	<u>\$ 1,454,785</u>

The accompanying notes to financial statements are an integral part of this statement.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
For the Year Ended September 30, 2007

Cash Flows From Operating Activities

Receipts from customers and taxpayers	\$ 1,194,769
Payments for operating expenses	(1,568,017)
Net cash used by operating activities	(373,248)

Cash Flows From Non-Capital Financing Activities

Property taxes received	742,057
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Cash Flows From Capital and Related Financing Activities

Sale of capital assets	10,571
Federal grants received	10,800
Acquisition of capital assets	(88,504)
Net cash used by capital and related financing activities	(67,133)

Cash Flows From Investing Activities

Interest earned	50,653
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Net increase in cash and cash equivalents 352,329

Cash and cash equivalents at beginning of year 793,757

Cash and cash equivalents at end of year \$ 1,146,086

Reconciliation of operating loss to net cash used
by operating activities

Operating loss	\$ (495,048)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	82,127
Change in assets and liabilities:	
Accounts receivable, net	54,714
Other receivables	687
Due from local units	5,000
Accounts and other payables	(1,813)
Accrued expenses	(18,915)

Net cash used by operating activities \$ (373,248)

The accompanying notes to financial statements are an integral part of this statement.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ogemaw County Emergency Medical Services Authority conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Private-sector standards of accounting issued after November 30, 1989, are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies.

A. Description of Operations

The Ogemaw County Emergency Medical Services Authority, (the Authority), is a joint area Board formed on July 1, 2006, serving 17 governmental units – Ogemaw County, City of West Branch, City of Rose City, Mills Township, Richland Township, Rose Township, West Branch Township, Churchill Township, Cummings Township, Horton Township, Edwards Township, Foster Township, Klacking Township, Goodar Township, Hill Township, Logan Township and Ogemaw Township.

The Board consists of five members including an executive from Ogemaw County, City of West Branch, City of Rose City and Mills Township, and one member selected in rotation from the 13 Townships not otherwise represented on the Board. The members of the Board are appointed by their respective municipality for terms of six years.

B. Basis of Presentation

The Authority's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows. Government wide financial statements report information about the Ogemaw County Emergency Medical Services Authority as a whole. The Authority has only one fund which is business-type in nature, so the financial statements present one set of statements that meets both the government-wide and fund requirements.

A statement of net assets provides information about the assets, liabilities, and net assets of the Authority at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy Authority obligations. Invested in capital assets represents the value of capital assets, net of accumulated depreciation. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operation purposes.

A statement of revenue, expenses and changes in net assets provides information about the Authority's financial activities during the year ended September 30, 2007. Revenue and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions. Operating revenues and expenses generally result from providing emergency medical services. Other revenues, such as property taxes, are not generated from operations and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

A statement of cash flows provides information about the Authority's sources and uses of cash and cash equivalents during the year ended September 30, 2007. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

The Authority uses a fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

The Authority's enterprise fund accounts for fees collected for ambulance services provided and a county-wide property tax levy.

D. Measurement Focus and Basis of Accounting

The term measurement focus is used to denote what is being measured and reported in the Authority's operating statement. The Authority is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Authority is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the Authority's operating statement. The Authority uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

E. Cash and Cash Equivalents

For presentation on the financial statements, investments in cash management pools and investments with an original maturity of three months or less at the time they are purchased by the Authority are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Accounts Receivables, Net

Receivables as of September 30, 2007, consist of accounts (fees). All receivables are net of estimated uncollectible accounts. Receivables are recognized to the extent the amounts are determined material and substantiated, not only by supporting documentation but also by a reasonable systematic method of determining their existence, completeness, valuation, and collectibility.

The balances consist primarily of EMS receivables due from various insurance companies. The allowance for doubtful accounts as of September 30, 2007 was \$60,000.

G. Capital Assets

Capital assets are stated at cost. Depreciation has been provided using the straight-line method over the estimated useful life of the assets.

Expenditures for maintenance, repairs and renewals are charged to operations as incurred and betterments are capitalized. The Authority eliminates the cost and related allowances from the accounts for assets sold or retired and resulting gains or losses therefrom are included in operations concurrently.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Authority has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration limits specified in the Authority's termination policy.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund statement.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Authority's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Authority, these revenues are charges for services for EMS runs. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

M. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS

At year-end, the Authority's deposits and investments were reported in the basic financial statements in the following categories:

Cash and Cash Equivalents	<u>\$ 1,146,086</u>
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The breakdown between deposits and investments is as follows:

Bank Deposits (checking accounts)	\$ 1,146,061
Petty Cash and Cash on Hand	<u>25</u>
Total	<u>\$ 1,146,086</u>

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of the year ended September 30, 2007, \$1,083,444 of the Authority's bank balance of \$1,183,444 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Foreign Currency Risk

The Authority is not authorized to invest in investments which have this type of risk.

Investments:

The Authority has adopted an investment policy in accordance with Act 196, PA 1997 which authorizes the Authority to deposit and invest in the following:

- * Accounts of federally insured banks, credit unions and savings and loan associations
- * Bonds and other direct obligations of the United States or an agency or instrumentality of the United States
- * United States government or federal agency obligation repurchase agreements
- * Banker's acceptances of United States banks
- * Commercial paper rated within the two highest classifications by not less than two standard rating services which matures not more than 270 days after the date of purchase
- * Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64 with the authority to purchase only investment vehicles that are legal for direct investments by a public corporation

Michigan law requires that public funds may not be deposited in financial institutions that do not maintain an office in Michigan. The Authority's deposits and investments are in accordance with statutory authority.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 3 - PROPERTY TAXES

Property taxes include amounts levied against all real property and tangible personal property located in the County. Property taxes become an enforceable lien on property as of December 1. Taxes are levied on December 1, and are payable by February 28. The cities and townships within the County bill and collect the property taxes for the Ogemaw County EMS Authority. County EMS taxes levied December 1, 2006, are collected in and are intended to finance 2007 operations. The taxable value of real and personal property for the December 1, 2006 levy was \$754,194,290. The 2006 operating tax rate is currently .9863 mills for EMS.

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the Authority for the year ended September 30, 2007 was as follows:

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated :				
Machinery and Equipment	\$ 126,511	\$ 31,839	\$ 0	\$ 158,350
Vehicles	523,509	56,665	189,400	390,774
Infrastructure	<u>60,850</u>	<u>0</u>	<u>0</u>	<u>60,850</u>
Subtotal	<u>710,870</u>	<u>88,504</u>	<u>189,400</u>	<u>609,974</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	110,995	14,706	0	125,701
Vehicles	416,531	65,521	189,400	292,652
Infrastructure	<u>42,325</u>	<u>1,900</u>	<u>0</u>	<u>44,225</u>
Subtotal	<u>569,851</u>	<u>82,127</u>	<u>189,400</u>	<u>462,578</u>
Capital Assets—Net of Depreciation	<u>\$ 141,019</u>	<u>\$ 6,377</u>	<u>\$ 0</u>	<u>\$ 147,396</u>

Depreciation was charged to the EMS activity.

NOTE 5 - LONG-TERM DEBT

As of September 30, 2007, long-term debt consists of the following:

A. Compensated Absences

The Authority has a sick pay policy in accordance with an EMS Union contract that allows union employees to accumulate sick days at the rate of 8 hours per month up to a maximum of 48 hours. Anything earned in excess of 48 hours is paid out in the first payday in December at the regular hourly rate. If an employee voluntarily quits with 21 days notice, they are paid out at 50% of the regular hourly rate for all accumulated time. With the exception of the Director, full-time non-union employees are allowed to accumulate sick days at the rate of 4 hours per month up to a maximum of 48 hours. Anything earned in excess of 48 hours is paid out in the first payday in December at the regular hourly rate. The amount of accumulated sick pay liability at September 30, 2007 was \$4,515. These compensated absences are recorded using the vesting method in accordance with Governmental Standards Board Statement 16.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 5 - LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

	<u>Balance</u> <u>10/01/06</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>09/30/07</u>	<u>Due Within</u> <u>One Year</u>
Accrued employee benefits payable	\$ <u>5,617</u>	\$ <u>0</u>	\$ <u>1,102*</u>	\$ <u>4,515</u>	\$ <u>0</u>

*Represents net of additions and retirements for the year.

NOTE 6 - RETIREMENT SYSTEM - MERS OPERATED

Plan Description

The Authority's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is affiliated with the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer, state-wide, public employee pension created under Public Act 135 of 1945, and now operating under Public Act 220 of 1996, and the MERS Plan Document as revised. Any municipality within the State may elect to become a participating member of MERS or elect to terminate participation by a majority vote of the municipality's governing body. Changes in benefit coverage are available to bargaining units after approval by a majority of the municipality's governing body. The MERS of Michigan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to MERS of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling 1-800-767-6377.

Funding Policy

The Authority is required to contribute at an actuarially determined rate. The current rate is 8.51% of annual covered payroll for the Director and 11.8% for Ambulance Driver Members. The contribution requirements of plan members are 5.5% for the Director and 4% for Ambulance Members. If a member leaves the employ of the Authority, or dies, without a retirement allowance or other benefit payable on his/her account, the member's accumulated contributions (with interest) are refunded with spousal consent to the member, if living, or to the members' surviving spouse or beneficiary. The contribution requirements are established and may be amended by the MERS Retirement Board.

Annual Pension Cost

For the year ended September 30, 2007, the Authority's annual pension cost of \$79,207 was equal to the Authority's required and actual contributions. The required contribution was determined as part of the December 31 2006 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 4.5% per year compounded annually, and (c) additional projected salary increases of 0% to 8.4% per year, depending on age, attributable to merit, longevity and promotions. Both (a) and (b) include an inflation component. The Authority's net pension obligation has been fully funded at September 30, 2007.

The Authority has adopted GASB 27 *Accounting for Pensions by State and Local Governmental Employer*.

OGEMAW COUNTY EMERGENCY MEDICAL SERVICES AUTHORITY
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 6 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

The following pension information is presented in accordance with GASB 27:

Actuarial Accrued Liability from December 31, 2006

Actuarial Valuation

Retirees and beneficiaries currently receiving benefits	\$ 89,217
Terminated employees not yet receiving benefits	0
Non-vested terminated employees (pending refunds of accumulated member contributions)	21,241
Current employees -	
Accumulated employee contributions including allocated investment income	164,339
Employer financed	<u>924,167</u>
Total Actuarial Accrued Liability	1,198,964

Net assets available for benefits at actuarial value (Market value is \$969,893)	<u>956,512</u>
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Unfunded Actuarial Accrued Liability	<u>\$ 242,452</u>
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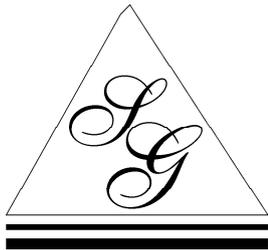
Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
September 30, 2007	\$ 79,207	100%	\$ 0

The pension actuarial liability three year Schedule of Funding Progress information normally presented is not available at the time of the audit report. The Ogemaw County Emergency Medical Services Authority was formed on July 1, 2006 and the retirement plan was transferred from Ogemaw County over to the Authority. The complete actuarial accrued liability information for Ogemaw County is included in the County's financial statements which can be obtained from the Ogemaw County Treasurer's office located at 806 West Houghton, West Branch, Michigan, 48661.

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Authority has purchased commercial insurance for medical benefits claims, general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, buildings and contents) and workers compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage since the date of formation.



Stephenson Gracik & Co., P.C.

Certified Public Accountants & Consultants

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Donald W. Brannan, CPA
Kyle E Troyer, CPA

Herman A Bertuleit, CPA

November 9, 2007

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Authority Board
Ogemaw County Emergency Medical Services Authority
Ogemaw County, Michigan

We have audited the financial statements of the business-type activities of the Ogemaw County Emergency Medical Services Authority as of and for the year ended September 30, 2007, which collectively comprise the Ogemaw County Emergency Medical Services Authority's basic financial statements and have issued our report thereon dated November 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ogemaw County Emergency Medical Services Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ogemaw County Emergency Medical Services Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ogemaw County Emergency Medical Services Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Ogemaw County Emergency Medical Services Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Ogemaw County Emergency Medical Services Authority's financial statements that is more than inconsequential will not be prevented or detected by the Ogemaw County Emergency Medical Services Authority's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:

Financial Statement Preparation

The Ogemaw County Emergency Medical Services Authority prepares various financial information throughout the year to assess operations and the financial condition of the Authority. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the Authority relies on our firm to assist in preparing the annual financial report in accordance with Generally Accepted Accounting Principles.

The Ogemaw County Emergency Medical Services Authority has individuals on staff to review that the financial report is accurate and the financial information reflects the recording of the proposed entries, however, not to review and determine

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that the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles. As a result, the Authority is considered to have a significant control deficiency, since reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles and the Authority would not be in a position to detect the errors or omissions.

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

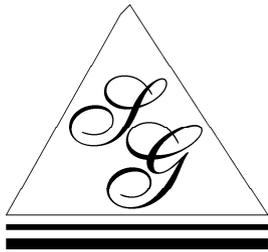
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ogemaw County Emergency Medical Services Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Authority Board, the State of Michigan, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stephenson, Grain & Co., P.C.



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November 9, 2007

Members of the Authority Board
Ogemaw County Emergency Medical Services Authority
Ogemaw County, Michigan

Dear Board Members:

We have audited the financial statements of the business-type activities of the Ogemaw County Emergency Medical Services Authority for the year ended September 30, 2007, and have issued our report thereon dated November 9, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated September 13, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Ogemaw County Emergency Medical Services Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Ogemaw County Emergency Medical Services Authority's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Ogemaw County Emergency Medical Services Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2007. We noted no transactions entered into by the Ogemaw County Emergency Medical Services Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Ogemaw County Emergency Medical Services Authority's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Ogemaw County Emergency Medical Services Authority, either individually or in the aggregate, indicate matters that could have a significant effect on the Ogemaw County Emergency Medical Services Authority's financial reporting process.

Disagreements with Management

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

Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Ogemaw County Emergency Medical Services Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Additional Information

As a result of our study and evaluation of the internal controls as described in the third paragraph and our tests of compliance as described in the fourth paragraph, certain matters came to our attention upon which we would like to comment and offer the following recommendations:

Financial Statement Preparation

The Ogemaw County Emergency Medical Services Authority prepares various financial information throughout the year to assess operations and the financial condition of the Authority. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the Authority relies on our firm to assist in preparing the annual financial report in accordance with Generally Accepted Accounting Principles.

The Ogemaw County Emergency Medical Services Authority has individuals on staff to review that the financial report is accurate and the financial information reflects the recording of the proposed entries, however, not to review and determine that the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles. As a result, the Authority is considered to have a significant control deficiency, since reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles and the Authority would not be in a position to detect the errors or omissions.

We wish to express our appreciation for the cooperation and courtesies extended our staff by management and employees of the Ogemaw County EMS Authority.

This information is intended solely for the use of management, the Authority Board, the State of Michigan, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stephenson, Grubb & Co., P.C.