LAINGSBURG, SCIOTA, WOODHULL EMERGENCY SERVICES AUTHORITY

Shiawassee and Clinton Counties, Michigan

FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

Michigan Dept. of Treasury, Local Audit & Finance Division
496 (3-98). Formerly L-3147

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type	Local Government Name	County
☐ City ☐ Township ☐ Village ☒ Other	Laingsburg, Sciota, Woodhull Emergency Services Authority	Shiawassee and Clinton

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
March 31, 2007	July 19, 2007	July 21, 2007

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.

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 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 they 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)			
Campbell, Kusterer & Co., P.C.			
Street Address	**City**	**State**	**Zip**
512 N. Lincoln, Suite 100, P.O. Box 686	Bay City	MI	48707
Accountant Signature			
Campbell, Kusterer & Co., PC			

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

July 19, 2007

To the Authority Commission
Laingsburg, Sciota, Woodhull Emergency Services Authority
Shiawassee and Clinton Counties, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Laingsburg, Sciota, Woodhull Emergency Services 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. 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 respective financial position of the governmental activities and each major fund of the Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan as of March 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Campbell, Kusterer & Co., PC

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the LSW Emergency Services Authority ("the Authority") covers the Authority's financial performance during the year ended March 31, 2007. The Authority has two divisions, the Fire Division and the Ambulance Division.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled $1,474,188.54 for governmental activities. Capital assets increased with the Fire Division's purchases of $159,209.70.

Overall revenues were $614,987.22. The Ambulance Division generated $290,352.81 while the Fire Division generated $324,634.41. Governmental activities had a $164,942.37 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Authority and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Authority in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Authority as a whole using accounting methods used by private companies. The statement of net assets includes all of the Authority's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Authority are reported as governmental activities. These include the Ambulance Fund and the Fire Fund.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Authority's funds, focusing on significant (major) funds not the Authority as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Authority also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Authority has the following types of funds:

Governmental funds: All of the Authority's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Authority's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Authority's governmental activities include the Ambulance Fund and the Fire Fund.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

Our cash position is strong. The Authority owns the land and the building free of debt or obligation.

The Authority's equipment is all paid in full with the exception of $20,688.84 on a 2002 Fire Truck and $43,695.55 on a 2003 Ambulance.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

The Ambulance Fund pays for all of the Authority's ambulance operations which totaled $257,069.88.

The Fire Fund pays for all of the Authority's fire operations which totaled $320,447.15.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Authority's governmental activities invested $159,209.70 in capital assets.

The Authority's governmental activities paid $29,814.09 of principal on contracts payable.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The Authority's revenue is based on taxable value and households, both of which continue to increase.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Authorities finances and to demonstrate the Authority's accountability for the revenues it receives. If you have any questions concerning this report please contact the Authority's Chairman at 7425 Woodbury Road, Laingsburg, Michigan or by calling 517-651-2638.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	479 472 61
Petty cash	150 00
Due from other units	9 607 05
Accounts receivable	34 482 05
Total Current Assets	523 711 71
NON-CURRENT ASSETS:	
Capital Assets	1 547 150 90
Less: Accumulated Depreciation	(519 970 40)
Total Non-current Assets	1 027 180 50
TOTAL ASSETS	1 550 892 21
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	2 158 62
Accrued wages	10 160 66
Total Current Liabilities	12 319 28
NON-CURRENT LIABILITIES:	
Contracts payable	64 384 39
Total Non-current Liabilities	64 384 39
Total Liabilities	76 703 67
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	962 796 11
Unrestricted	511 392 43
Total Net Assets	1 474 188 54
TOTAL LIABILITIES AND NET ASSETS	1 550 892 21

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

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

		Program Revenue		Governmental Activities
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants - Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:				
Public safety	446 489 32	168 271 77	93 081 00	(185 136 55)
Interest on long-term debt	3 555 53	-	-	(3 555 53)
Total Governmental Activities	450 044 85	168 271 77	93 081 00	(188 692 08)
General Revenues:				
Appropriations from other local units				321 072 81
Interest				9 656 18
Miscellaneous				22 905 46
Total General Revenues				353 634 45
Change in net assets				164 942 37
Net assets, beginning of year				1 309 246 17
Net Assets, End of Year				1 474 188 54

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

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	Fire	Ambulance	Total
Assets			
Cash in bank	289 718 63	189 753 98	479 472 61
Petty cash	150 00	-	150 00
Due from other units	-	9 607 05	9 607 05
Accounts receivable	9 740 47	24 741 58	34 482 05
Total Assets	299 609 10	224 102 61	523 711 71
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	900 00	1 258 62	2 158 62
Accrued wages	-	10 160 66	10 160 66
Total liabilities	900 00	11 419 28	12 319 28
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	298 709 10	212 683 33	511 392 43
Total fund equity	298 709 10	212 683 33	511 392 43
Total Liabilities and Fund Equity	299 609 10	224 102 61	523 711 71

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

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	511 392 43
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	1 547 150 90
Accumulated depreciation	(519 970 40)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	(64 384 39)
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	1 474 188 54

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

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year ended March 31, 2007

	Fire	Ambulance	Total
Revenues:			
Appropriations from other local units:			
City of Laingsburg	23 148 64	25 804 48	48 953 12
Township of Sciota	45 367 49	31 095 00	76 462 49
Township of Woodhull	118 507 54	68 175 00	186 682 54
Township of Bennington	8 974 66	-	8 974 66
Charges for services	5 520 00	162 751 77	168 271 77
Federal grant	93 081 00	-	93 081 00
Interest	7 129 62	2 526 56	9 656 18
Miscellaneous	22 905 46	-	22 905 46
Total revenues	324 634 41	290 352 81	614 987 22
Expenditures:			
Public safety:			
Commission wages	1 280 00	-	1 280 00
Operating wages	24 160 00	169 199 29	193 359 29
Officers	9 600 00	-	9 600 00
Secretary	3 000 00	-	3 000 00
Payroll taxes	2 910 07	12 694 87	15 604 94
Office supplies	685 88	822 36	1 508 24
Operating supplies	6 688 82	9 610 22	16 299 04
Uniforms	554 80	-	554 80
Professional services	2 712 95	16 274 85	18 987 80
Memberships and dues	215 00	335 00	550 00
Physicals	13 00	-	13 00
Telephone	2 659 35	821 67	3 481 02
Radio maintenance	2 817 22	1 381 00	4 198 22
Transportation	1 763 49	-	1 763 49
Gasoline	6 401 05	5 743 59	12 144 64
Printing	34 50	299 00	333 50
Insurance	34 771 84	15 514 61	50 286 45
Utilities	13 788 64	2 707 86	16 496 50
Equipment maintenance	2 625 82	-	2 625 82
Vehicle maintenance	7 774 87	2 798 32	10 573 19
Building expense	6 477 75	3 600 00	10 077 75
Snow plowing	720 00	-	720 00
Training	3 988 56	1 714 00	5 702 56
Miscellaneous	593 84	5 183 62	5 777 46
Capital outlay	159 209 70	-	159 209 70
Debt service	25 000 00	8 369 62	33 369 62
Total expenditures	320 447 15	257 069 88	577 517 03

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

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year ended March 31, 2007

	Fire	Ambulance	Total
Excess (deficiency) of revenues over expenditures	4 187 26	33 282 93	37 470 19
Fund balances, April 1	294 521 84	179 400 40	473 922 24
Fund Balances, March 31	298 709 10	212 683 33	511 392 43

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

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	37 470 19
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation Expense	(61 551 61)
Capital Outlay	159 209 70
Repayment of debt principal is an expenditure in the governmental funds, the repayment does not have an effect in the statement of activities but does reduce the debt balance in the statement of net assets.	
Principal payments on long-term debt	29 814 09
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	164 942 37

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

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Authority contain all the Authority funds that are controlled by or dependent on the Authority's executive or legislative branches.

The reporting entity is the Laingsburg, Sciota, Woodhull Emergency Services Authority. The Authority is governed by an appointed Commission. As required by generally accepted accounting principles, these financial statements present the Authority as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Authority's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Authority reports two funds, the Fire Fund and the Ambulance Fund.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Authority. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

The Authority does not levy any property taxes.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Authority as assets with an initial cost of more than $10,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	75 years
Vehicles and equipment	10-25 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Authority provides no post-employment benefits to past employees.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Authority Commission for consideration.

2. The proposed budgets include expenditures as well as the methods of financing them.

3. Public hearings are held to obtain taxpayer comments.

4. The budgets are adopted at the activity level by a majority vote of the Authority Commission.

5. The budgets are adopted on the modified accrual basis of accounting.

6. The originally adopted budgets can be amended during the year only by a majority vote of the Authority Commission.

7. The adopted budgets are used as a management control device during the year for all budgetary funds.

8. Budget appropriations lapse at the end of each fiscal year.

9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Authority Commission during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Authority has designated four banks for the deposit of Authority funds. The investment policy adopted by the Authority Commission in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Authority's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	Carrying Amounts
Total Deposits	479 472 61

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	Bank Balances
Insured (FDIC)	214 803 31
Uninsured and Uncollateralized	266 730 43
Total Deposits	481 533 74

The Authority did not have any investments as of March 31, 2007.

Note 4 – Capital Assets

Capital asset activity of the Authority's Governmental activities for the current year was as follows:

	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
Governmental Activities:				
Land	12 500 00	-	-	12 500 00
Building	450 000 00	-	-	450 000 00
Vehicles and equipment	925 441 20	159 209 70	-	1 084 650 90
Total	1 387 941 20	159 209 70	-	1 547 150 90
Accumulated Depreciation	(458 418 79)	(61 551 61)	-	(519 970 40)
Net Capital Assets	929 522 41	97 658 09	-	1 027 180 50

Note 5 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 4/1/06	Additions	Deductions	Balance 3/31/07
Contract payable – ambulance	50 003 67	-	6 308 12	43 695 55
Contract payable – fire truck	44 194 81	-	23 505 97	20 688 84
Total	94 198 48	-	29 814 09	64 384 39

On January 5, 2007, the Authority obtained a loan in the amount of $56,000.00 from a bank to be used toward the purchase of an ambulance. The contract payable includes interest at the rate of 4.125% per annum and is due in eight annual installments, through January 15, 2013. The principal balance outstanding as of March 31, 2007, was $43,695.55.

On April 17, 2003, the Authority obtained a loan in the amount of $88,836.00 from a bank to be used toward the purchase of a fire truck. The contract payable includes interest at the rate of 3.40% per annum and is due in five annual installments, through April 25, 2008. The principal balance outstanding as of March 31, 2007 was $20,688.84.

Note 6 – Deferred Compensation Plan

The Authority does not have a deferred compensation plan.

Note 7 – Pension Plan

The Authority does not have a pension plan.

Note 8 – Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Authority has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Appropriations from other local units:				
City of Laingsburg	23 612 00	23 612 00	23 148 64	(463 36)
Township of Sciota	43 211 00	43 211 00	45 367 49	2 156 49
Township of Woodhull	115 100 00	115 100 00	118 507 54	3 407 54
Township of Bennington	9 000 00	9 000 00	8 974 66	(25 34)
Charges for services	3 600 00	5 520 00	5 520 00	-
Federal grant	-	93 081 00	93 081 00	-
State grant	-	-	-	-
Interest	1 500 00	7 284 26	7 129 62	(154 64)
Miscellaneous	230 00	22 702 22	22 905 46	203 24
Total revenues	196 253 00	319 510 48	324 634 41	5 123 93
Expenditures:				
Public safety:				
Fire protection	147 314 00	150 084 00	136 237 45	(13 846 55)
Capital outlay	15 000 00	164 127 22	159 209 70	(4 917 52)
Debt service	25 000 00	25 000 00	25 000 00	-
Contingency	28 939 00	261 738 26	-	(261 738 26)
Total expenditures	216 253 00	600 949 48	320 447 15	(280 502 33)
Excess (deficiency) of revenues over expenditures	(20 000 00)	(281 439 00)	4 187 26	285 626 26
Fund balance, April 1	20 000 00	283 439 00	294 521 84	11 082 84
Fund Balance, March 31	-	2 000 00	298 709 10	296 709 10

LAINGSBURG, SCIOTA, WOODHULL
EMERGENCY SERVICES AUTHORITY
Shiawassee and Clinton Counties, Michigan

BUDGETARY COMPARISON SCHEDULE – AMBULANCE FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Appropriations from other local units:				
City of Laingsburg	17 100 00	24 100 00	25 804 48	1 704 48
Township of Sciota	20 250 00	30 250 00	31 095 00	845 00
Township of Woodhull	15 000 00	69 000 00	68 175 00	(825 00)
Charges for services	80 000 00	110 250 00	162 751 77	52 501 77
Interest	-	-	2 526 56	2 526 56
Total revenues	132 350 00	233 600 00	290 352 81	56 752 81
Expenditures:				
Public safety:				
Ambulance	153 980 00	276 740 00	248 700 26	(28 039 74)
Debt service	8 370 00	8 370 00	8 369 62	(38)
Total expenditures	162 350 00	285 110 00	257 069 88	(28 040 12)
Excess (deficiency) of revenues over expenditures	(30 000 00)	(51 510 00)	33 282 93	84 792 93
Fund balance, April 1	30 000 00	51 510 00	179 400 40	127 890 40
Fund Balance, March 31	-	-	212 683 33	212 683 33

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 19, 2007

To the Authority Commission
Laingsburg, Sciota, Woodhull Emergency Services Authority
Shiawassee and Clinton Counties, Michigan

We have audited the financial statements of the Laingsburg, Sciota, Woodhull Emergency Services Authority for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Laingsburg, Sciota, Woodhull Emergency Services Authority in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Authority Commission
Laingsburg, Sciota, Woodhull Emergency Services Authority
Shiawassee and Clinton Counties, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Authority's financial statements and this communication of these matters does not affect our report on the Authority's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., PC
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants