

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 Mayville Area Ambulance Service	County Tuscola
Fiscal Year End 12/31/07	Opinion Date 05/01/08	Date Audit Report Submitted to State 05/18/08	

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 type="checkbox"/>	No issues this year	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Gardner, Provenzano, Schauman & Thomas, P.C.		Telephone Number 989-790-3900	
Street Address 4855 State Street Suite Six		City Saginaw	State MI
Authorizing CPA Signature <i>Heather A Thomas</i>		Printed Name Heather A. Thomas	Zip 48603
		License Number 1101024719	

MAYVILLE AREA AMBULANCE SERVICE
Mayville, Michigan

FINANCIAL STATEMENTS
December 31, 2007

MAYVILLE AREA AMBULANCE SERVICE
BOARD OF DIRECTORS

Ronald Gromak	President
Glenn Fox	Vice President
Joel Welke	Recording Secretary
Sherry Bodeis	Director
Kathleen Tomlinson	Director

OFFICERS

James Welke	Executive Director
Joel Welke	Chief Financial Officer/ Resident Agent

Contents

	<u>Page Number</u>
Independent Auditor's Report	
Management's Discussion and Analysis	1
Financial Statements	
Statements of Net Assets	6
Statements of Revenues, Expenses, and Changes in Net Assets	7
Statements of Cash Flows	8
Notes to Financial Statements	9



Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
James R. Schauman
Heather A. Thomas

INDEPENDENT AUDITOR'S REPORT

May 1, 2008

To the Board of Directors
Mayville Area Ambulance Service
Mayville, Michigan

We have audited the accompanying financial statements of the business-type activities of the Mayville Area Ambulance Service as of and for the years ended December 31, 2007, and 2006, which comprise the organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mayville Area Ambulance Service's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and with the standards prescribed by the State Treasurer. 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 audits provide 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 business-type activities of the Mayville Area Ambulance Service as of December 31, 2007, and 2006, and the respective changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America and with applicable rules and regulations of the State Treasurer.

To the Board of Directors
Mayville Area Ambulance Service
May 1, 2008
Page Two

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 supplementary information. However, we did not audit the information and express no opinion on it.

Gaucher, Provenzano, Selkman & Thomas, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION & ANALYSIS

MAYVILLE AREA AMBULANCE SERVICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

This section of the annual financial report presents management's discussion and analysis of Mayville Area Ambulance Service's (MAAS) financial results for the fiscal year ended December 31, 2007. Please read this along with the financial statements that follow for a comprehensive understanding of the financial position of MAAS.

For accounting purposes, MAAS uses only one fund. The fund is a business-type enterprise fund that applies the full accrual basis of accounting. Hence, unlike most governmental units, Mayville Area Ambulance Service reports its financial information only in the full accrual format. The audited financial activities of Mayville Area Ambulance Service are presented herein. These statements include:

Statements of Net Assets
Statements of Revenues, Expenses, and Changes in Net Assets
Statements of Cash Flows

Along with the financial statements are the footnote disclosures.

Condensed Financial Statements and Analysis and Discussion of Significant Transactions

The following are condensed government wide financial statements for fiscal years 2007 and 2006 for Mayville Area Ambulance Service.

Table One – Net Assets

	<u>2007</u>	<u>2006</u>
Assets		
Current assets	\$ 177,446	\$ 185,102
Capital assets	349,191	359,871
Total Assets	\$ 526,637	\$ 544,973
Liabilities		
Current liabilities	\$ 128,649	\$ 40,524
Noncurrent liabilities	-	112,577
Total Liabilities	128,649	153,101
Net Assets		
Invested in capital assets, net of related debt	236,617	230,542
Unrestricted	161,371	161,329
Total Net Assets	\$ 397,988	\$ 391,871

MAYVILLE AREA AMBULANCE SERVICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Condensed Financial Statements and Analysis and Discussion of Significant Transactions (cont.)

Current liabilities decreased \$24,450 from 2006 to 2007. This decrease is attributed to the MAAS paying ALS reimbursements more frequently than in 2006.

The increase in net assets of \$6,117 in 2007 was approximately \$20,000 less than in 2006. Revenue decreased from 2006 to 2007 by \$31,936 which was mostly due to service call revenue declining in 2007. Service call revenue can vary depending on the number of runs and the source of payment for those services. With the decrease in service calls, there was also a decrease in variable expense, such as billing expense.

Table Two – Changes in Net Assets

	<u>2007</u>	<u>2006</u>
Revenue		
Service calls	\$ 120,319	\$ 151,783
Contract fees	13,290	13,290
Other	2,712	3,184
Total Revenues	<u>136,321</u>	<u>168,257</u>
Expenses		
Advanced life support	21,214	21,900
Ambulance	15,351	14,994
Garage and office	29,174	26,072
Attendant	47,092	45,550
Depreciation	10,680	26,025
Interest	6,693	7,587
Total Expenses	<u>130,204</u>	<u>142,128</u>
Change in Net Assets	<u>\$ 6,117</u>	<u>\$ 26,129</u>

MAYVILLE AREA AMBULANCE SERVICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Capital Assets and Long-Term Debt

Following is a summary of capital assets and accumulated depreciation for the fiscal years 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Land	\$ 26,250	\$ 26,250
Ambulance	72,300	72,300
Equipment	16,786	16,786
Furniture	4,222	4,222
Building	<u>359,736</u>	<u>359,736</u>
	<u>479,294</u>	<u>479,294</u>
Less: Accumulated depreciation	<u>(130,103)</u>	<u>(119,423)</u>
Total	<u>\$ 349,191</u>	<u>\$ 359,871</u>

There were no capital assets additions or deletions in the year ended December 31, 2007.

The Mayville Area Ambulance Service has outstanding long-term debt of \$112,574 related to the construction of the building.

Currently Known Facts, Decisions, or Conditions Expected to Have a Significant Effect

For fiscal year 2008, the mileage rate charged was increased, minimally. This change was made to help recoup increasing fuel expenses. The increase in the mileage charge is not expected to dramatically change the revenue received. MAAS has also changed it's supplier of oxygen, - a change that should decrease expenses by approximately \$1,700 per year. MAAS continues to review all expenses to ensure that funds are used to their fullest extent.

MAAS has started the process of acquiring a new ambulance to replace the current ambulance that is in use. The new ambulance should be received and placed into service in late 2008. This purchase is expected to decrease cash on hand. The financial effects of this purchase may be limited. MAAS has been advised that it is one of several organizations that are eligible to receive funding from a local charitable trust. MAAS has requested funding to assist in the purchase of the new ambulance and expect to receive funding assistance from the trust.

MAYVILLE AREA AMBULANCE SERVICE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Requests for Information

This report is designed to provide our customers and taxpayers with a general overview of the Mayville Area Ambulance Service's finances. If you have questions about this report or need additional information, contact Mayville Area Ambulance Service, 5802 Lynch Drive, Mayville, Michigan 48744.

FINANCIAL STATEMENTS

MAYVILLE AREA AMBULANCE SERVICE
STATEMENTS OF NET ASSETS
DECEMBER 31, 2007, AND 2006

	2007	2006
Current Assets		
Cash	\$ 40,730	\$ 28,421
Certificates of deposit	43,114	41,183
Accounts receivable	92,052	115,306
Prepaid insurance	1,550	192
Total Current Assets	177,446	185,102
Noncurrent Assets		
Capital assets	479,294	479,294
Accumulated depreciation	(130,103)	(119,423)
Total Capital Assets	349,191	359,871
Total Assets	\$ 526,637	\$ 544,973
Liabilities		
Current Liabilities		
Accrued wages	\$ 6,227	\$ 5,537
Accounts payable	4,227	13,067
Payroll taxes payable	1,324	872
Deferred revenue	4,297	4,297
Noncurrent Liabilities		
Long-term debt, due in one year	112,574	16,752
Long-term debt, due in more than one year	-	112,577
Total Liabilities	128,649	153,102
Net Assets		
Invested in capital assets, net of related debt	236,617	230,542
Unrestricted	161,371	161,329
Total Net Assets	397,988	391,871
Total Liabilities and Net Assets	\$ 526,637	\$ 544,973

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

MAYVILLE AREA AMBULANCE SERVICE
 STATEMENTS OF REVENUE, EXPENSES
 AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Revenue		
Service calls, net of service contract adjustments of \$98,078 and \$83,195, respectively	\$ 120,319	\$ 151,783
Contract fees	13,290	13,290
Memorials and donations	607	410
Miscellaneous	-	12
Total Revenue	<u>134,216</u>	<u>165,495</u>
Expenses		
Advanced life support	21,214	21,900
Ambulance	5,754	7,945
Radio	-	553
Insurance	9,558	7,530
Medical supplies	9,580	6,496
Garage	6,301	5,081
Office expense	11,313	9,300
Training and licensing	1,663	1,616
Attendant expense	2,350	3,089
Wages	40,220	37,954
Payroll taxes	2,859	2,891
Miscellaneous	17	-
Bank Charges	-	9
Professional Services	2,002	4,152
Depreciation	10,680	26,025
Total Expenses	<u>123,511</u>	<u>134,541</u>
Operating income (loss)	10,705	30,954
Non-operating revenue (expense)		
Interest revenue	2,105	1,462
Interest expense	(6,693)	(7,587)
Gain (loss) on sale of assets	-	1,300
Total non-operating revenue (expenses)	<u>(4,588)</u>	<u>(4,825)</u>
Change in Net Assets	6,117	26,129
Net Assets, Beginning	<u>391,871</u>	<u>365,742</u>
Net Assets, Ending	<u>\$ 397,988</u>	<u>\$ 391,871</u>

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

MAYVILLE AREA AMBULANCE SERVICE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Cash flows from operating activity:		
Cash received from clients	\$ 143,573	\$ 108,090
Cash received from other governments	13,290	13,290
Cash received from public	607	422
Cash payments to employees	(42,035)	(37,849)
Cash payments to suppliers for goods and services	(79,852)	(61,511)
Net cash provided (used) by operating activities	35,583	22,442
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(2,034)
Sale of capital assets	-	4,000
Principal payments	(16,755)	(15,860)
Interest payments	(6,693)	(7,587)
Net cash provided (used) by financing activities	(23,448)	(21,481)
Cash flows from investing activities:		
Interest received	2,105	1,462
Sale (purchase) of investments	(1,931)	(1,342)
Net cash provided (used) by investing activities	174	120
Net increase (decrease) in cash and cash equivalents	12,309	1,081
Cash and cash equivalents, beginning	28,421	27,340
Cash and cash equivalents, ending	\$ 40,730	\$ 28,421
Reconciliation of operating Income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 10,705	\$ 30,954
Adjustment:		
Depreciation	10,680	26,025
Decrease (increase) in assets:		
Accounts receivable	23,254	(46,193)
Prepaid insurance	(1,358)	1,752
Increase (decrease) in liabilities:		
Accrued wages	690	(54)
Accounts payable	(8,840)	9,708
Payroll taxes	452	250
Net cash provided (used) by operating activities	\$ 35,583	\$ 22,442

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

NOTES TO FINANCIAL STATEMENTS

MAYVILLE AREA AMBULANCE SERVICE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Description of Operations and Fund Type

The Mayville Area Ambulance Service was organized in 1975 for the purpose of providing efficient ambulance service to the Mayville, Michigan area with minimal response time. The service operates under the direction of a Board of Directors with one representative appointed by each of the following member governmental units:

- a. Village of Mayville
- b. Fremont Township
- c. Dayton Township
- d. Rich Township

The primary revenue source is service call charges. In addition, the Ambulance Service has entered into reduced rate agreements with each of the four above listed member governmental units.

The Mayville Area Ambulance Service is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since the Board members have decision making authority, have power to designate management, have responsibility to significantly influence operations and have primary accountability over financial matters. The Board applies all relevant Government Accounting Standards (GASB) pronouncements. The Mayville Area Ambulance Service applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

NOTE 2--Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies of the Mayville Area Ambulance Service conform to U.S. generally accepted accounting principles as applicable to proprietary funds. The accrual basis of accounting is followed; thus revenues are recorded when earned and expenses are recognized when the related liability is incurred. MAAS considers operating revenues and expenses as those that results from providing services and delivering services.

MAYVILLE AREA AMBULANCE SERVICE
NOTES TO FINANCIAL STATEMENTS

NOTE 2--Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivables are recognized when the services have been provided. The balance shown is due from services billed, but not collected as of December 31, 2007 and 2006.

Prepaid Insurance

Prepaid insurance consists of expenditures made for insurance coverage for the next fiscal year.

Capital Assets and Depreciation

Capital Assets are recorded at cost. Provisions for depreciation are computed on the straight-line method at rates designed to amortize the cost of the assets based on their estimated useful lives.

Ambulance	5 years
Equipment and furniture	3-5 years
Building and garage	40 years

A summary of the changes in capital assets is as follows:

Description	Balance 12/31/2006	Additions	Disposals	Balance 12/31/2007
Capital assets not subject to depreciation				
Land	\$ 26,250	\$ -	\$ -	\$ 26,250
Subtotal	26,250	-	-	26,250
Capital assets subject to depreciation				
Ambulance	72,300	-	-	72,300
Equipment	16,786	-	-	16,786
Furniture	4,222	-	-	4,222
Building	359,736	-	-	359,736
Total capital assets	479,294	-	-	479,294
Less: Accumulated depreciation	119,423	10,680	-	130,103
Total	\$ 359,871	\$ (10,680)	\$ -	\$ 349,191

MAYVILLE AREA AMBULANCE SERVICE
NOTES TO FINANCIAL STATEMENTS

NOTE 2--Summary of Significant Accounting Policies (continued)

Cash Equivalents

For the purpose of the statement of cash flows, the Mayville Area Ambulance considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

Non-current Debt

Non-current debt consists of a mortgage on the Ambulance building.

Contract Service Adjustments

It is the policy of the Mayville Area Ambulance to recognize service call revenue net of service contract adjustments based upon actual collections.

Accounts Payable

The balance of accounts payable is due to vendors at year-end.

Deferred Revenue

The balance shown is from amounts paid for service contracts in advance from participating governmental units.

NOTE 3--Cash

The Mayville Area Ambulance is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The Ambulance service is legally authorized to deposit and invest in the following:

1. In bonds, securities and other obligations of the United States or agency or instrumentality of the United States.
2. In certificates of deposit, saving accounts, deposit accounts, or depository receipts of a bank which is a member of the FDIC, a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
3. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the purchase date.
4. In United States government or federal agency obligation repurchase agreements.

MAYVILLE AREA AMBULANCE SERVICE
NOTES TO FINANCIAL STATEMENTS

NOTE 3—Cash (continued)

5. In banker's acceptance of United States banks.
6. In obligations of the state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

A summary of cash and investments follow:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Checking	\$ 23,115	\$ -	\$ -	\$ 23,115	\$ 18,857
Savings	21,873	-	-	21,873	21,873
Certificates of deposit	43,114	-	-	43,114	43,114
Totals	<u>\$ 88,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,102</u>	<u>\$ 83,844</u>

The Mayville Area Service deposits are categorized below according to level of credit risk:

- Category 1 represents the Organizations insured or collateralized deposits with securities held by the Organizations or by its agent in the commission's name.
- Category 2 represents the Organizations collateralized deposits with securities held by the pledging financial institution's trust department or agent in Organization's name.
- Category 3 represents the Organization's uncollateralized deposits including any bank balances that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the Organization's name.

It is the policy of the Organization to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash needs of the Organization and to comply with all State Statutes governing investments of public funds.

NOTE 4--Income Tax

The Internal Revenue Service has determined that the Mayville Area Ambulance Service is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

MAYVILLE AREA AMBULANCE SERVICE
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Risk Management

The Mayville Area Ambulance Service is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Mayville Area Ambulance Service carried commercial insurance for the above listed risks of loss. In addition, MAAS participated in the Michigan Association of Ambulance Services Self Insured Workers' Compensation Fund, a public entity risk pool currently operating as a workers' compensation risk management program for 28 ambulance services in the State of Michigan. The Mayville Area Ambulance Service pays a monthly premium to the pool for its coverage. The pool is self-sustaining through member premiums.

NOTE 6--Long-Term Debt

Long-term obligations are as follows:

Mortgage, 5.5% per annum

interest, secured by land and building. A final

payment of \$104,243 is due June 30, 2008

\$ 112,574

	Balance 12/31/2006	Additions	Retirements	Balance 12/31/2007	Current
Mortgage	\$ 129,329	\$ -	\$ 16,755	\$ 112,574	\$ -
Year Ended	Principal	Interest	Total		
December 31,					
2008	\$ 112,574	\$ 18,443	\$ 131,017		
	\$ 112,574	\$ 18,443	\$ 131,017		