



**HEIGHTS AREA SPECIAL RESCUE TEAM  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 & 2004**



**Mary Taylor, CPA**  
Auditor of State



HEIGHTS AREA SPECIAL RESCUE TEAM  
CUYAHOGA COUNTY

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# Mary Taylor, CPA

Auditor of State

Heights Area Special Rescue Team  
Cuyahoga County  
3400 Lee Road  
Shaker Heights, Ohio 44120

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

April 18, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Heights Area Special Rescue Team  
Cuyahoga County  
3400 Lee Road  
Shaker Heights, Ohio 44120

To the Board:

We have audited the accompanying financial statements of the Heights Area Special Rescue Team, Cuyahoga County, Ohio, (HASRT) as of and for the years ended December 31, 2006, December 31, 2005, and December 31, 2004. These financial statements are the responsibility of HASRT's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, HASRT has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require HASRT to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006, December 31, 2005, and December 31, 2004. While HASRT does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. HASRT has elected not to reformat its statements. Since HASRT does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006, December 31, 2005, and December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of HASRT as of December 31, 2006, December 31, 2005, or December 31, 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Heights Area Special Rescue Team, Cuyahoga County, Ohio as of December 31, 2006, December 31, 2005, and December 31, 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires HASRT to include Management's Discussion and Analysis for the years ended December 31, 2006, December 31, 2005, and December 31, 2004. HASRT has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2007, on our consideration of HASRT's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

April 18, 2007



**HEIGHTS AREA SPECIAL RESCUE TEAM  
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 and 2004**

	<b>Governmental Fund Types</b>		
	<u>General Fund</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Cash Receipts:</b>			
Intergovernmental	<u>\$22,652</u>	<u>\$27,283</u>	<u>\$27,183</u>
Total Cash Receipts	<u>22,652</u>	<u>27,283</u>	<u>27,183</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	<u>11,646</u>	<u>25,952</u>	<u>12,467</u>
Total Disbursements	<u>11,646</u>	<u>25,952</u>	<u>12,467</u>
Total Receipts Over/(Under) Disbursements	<u>11,006</u>	<u>1,331</u>	<u>14,716</u>
Fund Cash Balances, January 1	<u>44,331</u>	<u>43,000</u>	<u>28,284</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$55,337</u></u></b>	<b><u><u>\$44,331</u></u></b>	<b><u><u>\$43,000</u></u></b>

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

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**HEIGHTS AREA SPECIAL RESCUE TEAM  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006, 2005, AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Heights Area Special Rescue Team, Cuyahoga County, Ohio, (HASRT) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The governing body of HASRT is comprised of a Council of five Fire Chiefs of member cities. The Council operates in accordance with a written agreement establishing HASRT pursuant to Ohio Revised Code Section 9.6.

HASRT was established to provide mutual aid for the provision of emergency fire protection and rescue squad services and to organize, train and equip a special rescue team to conduct rescue activities requiring unusual training and/or equipment in participating communities. Annual member receipts are based on an agreed formula based on the member cities population.

HASRT's management believes these financial statements present all activities for which HASRT is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

HASRT classifies its fund as the following governmental fund type:

***General Fund***

The General Fund is the general operating fund. It is used to account for all HASRT's financial activity.

**D. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**HEIGHTS AREA SPECIAL RESCUE TEAM  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006, 2005, AND 2004  
(Continued)**

**2. CASH DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>
Demand Deposit	<u>\$55,337</u>	<u>\$44,331</u>	<u>\$43,000</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. Although the HASRT followed all state statutory requirements for these deposits, noncompliance with federal requirements could potentially subject the HASRT to a successful claim by the Federal Depository Insurance Corporation.

**3. RISK MANAGEMENT**

HARST has obtained commercial insurance for the following risks:

- Commercial Inland Marine
- Automobile



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Heights Area Special Rescue Team  
Cuyahoga County  
3400 Lee Road  
Shaker Heights, Ohio 44120

To the Board:

We have audited the financial statements of the Heights Area Special Rescue Team, Cuyahoga County, Ohio, (HASRT) as of and for the years ended December 31, 2006, December 31, 2005, and December 31, 2004, and have issued our report thereon dated April 18, 2007, wherein we noted HASRT prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered HASRT's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of HASRT's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of HASRT's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 HASRT's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that HASRT's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that HASRT's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to HASRT's management in a separate letter dated April 18, 2007.

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### **Compliance and Other Matters**

As part of reasonably assuring whether HASRT's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to HASRT's management in a separate letter dated April 18, 2007.

We intend this report solely for the information and use of management and HASRT's Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

April 18, 2007



**Mary Taylor, CPA**  
Auditor of State

**HEIGHTS AREA SPECIAL RESCUE TEAM**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 15, 2007**