



Mary Taylor, CPA
Auditor of State

MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS COUNTY

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Mary Taylor, CPA
Auditor of State

Mineral Sandy Ambulance District
Tuscarawas County
P.O. Box 454
Mineral City, Ohio 44656

To the Board of Directors:

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 an 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 adverse 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.

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Mary Taylor, CPA
Auditor of State

September 21, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mineral Sandy Ambulance District
Tuscarawas County
P.O. Box 454
Mineral City, Ohio 44656

To the Board of Directors:

We have audited the accompanying financial statements of the Mineral Sandy Ambulance District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the District'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, the District 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.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005 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 combined fund cash balances and reserves for encumbrances of the Mineral Sandy Ambulance District, Tuscarawas County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District 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 September 21, 2007, on our consideration of the District'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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 21, 2007

**MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>All Fund Types</u> | | Totals (Memorandum Only) |
|--|------------------------|-------------------------|---|
| | <u>General</u> | <u>Debt Service</u> | |
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$20,365 | \$10,310 | \$30,675 |
| Charges for Services | 8,890 | | 8,890 |
| Intergovernmental | 8,332 | | 8,332 |
| Interest | 170 | | 170 |
| Donations | 5,205 | | 5,205 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 42,962 | 10,310 | 53,272 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Current Disbursements: | | | |
| Security of Persons and Property: | | | |
| Salaries | 5,036 | | 5,036 |
| Materials and Supplies | 4,281 | | 4,281 |
| Equipment | 25,136 | | 25,136 |
| Medic Billing Expenses | 3,045 | | 3,045 |
| Utilities | 2,296 | | 2,296 |
| State/County Auditor Fees | 859 | | 859 |
| Insurances/Bond | 7,642 | | 7,642 |
| Other | 262 | | 262 |
| Debt Service: | | | |
| Principle and Interest | | 10,310 | 10,310 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 48,557 | 10,310 | 58,867 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts (Under) Cash Disbursements | (5,595) | 0 | (5,595) |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, January 1 | 83,196 | 0 | 83,196 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>\$77,601</u> | <u>\$0</u> | <u>\$77,601</u> |
| | <hr/> | <hr/> | <hr/> |
| Reserves for Encumbrances, December 31 | <u>\$1,040</u> | <u>\$0</u> | <u>\$1,040</u> |

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

**MINERAL SANDY JOINT AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

| | <u>All Fund Types</u> | | Totals (Memorandum Only) |
|--|------------------------|-------------------------|---|
| | <u>General</u> | <u>Debt Service</u> | |
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$20,478 | \$10,310 | \$30,788 |
| Charges for Services | 5,484 | | 5,484 |
| Intergovernmental | 9,670 | | 9,670 |
| Interest | 126 | | 126 |
| Donations | 97 | | 97 |
| | <u>35,855</u> | <u>10,310</u> | <u>46,165</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current Disbursements: | | | |
| Security of Persons and Property: | | | |
| Salaries | 4,254 | | 4,254 |
| Materials and Supplies | 5,835 | | 5,835 |
| Equipment | 41,537 | | 41,537 |
| Medic Billing Expenses | 8,993 | | 8,993 |
| Utilities | 2,110 | | 2,110 |
| State/County Auditor Fees | 2,925 | | 2,925 |
| Insurances/Bond | 7,737 | | 7,737 |
| Other | 300 | | 300 |
| Debt Service: | | | |
| Principle and Interest | | 10,310 | 10,310 |
| | <u>73,691</u> | <u>10,310</u> | <u>84,001</u> |
| Total Cash Disbursements | | | |
| Total Cash Receipts (Under) Cash Disbursements | <u>(37,836)</u> | <u>0</u> | <u>(37,836)</u> |
| Fund Cash Balances, January 1 | <u>121,032</u> | <u>0</u> | <u>121,032</u> |
| Fund Cash Balances, December 31 | <u>\$83,196</u> | <u>\$0</u> | <u>\$83,196</u> |
| Reserves for Encumbrances, December 31 | <u>\$16,985</u> | <u>\$0</u> | <u>\$16,985</u> |

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

**MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mineral Sandy Ambulance District, Tuscarawas County, Ohio, (the District) as a body corporate and politic. A two-member Board of Directors governs the District. The political subdivisions within the District each appoint one member. Those subdivisions are the Village of Mineral City and Sandy Township. The District provides rescue services within the District and by contract to areas outside the District.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

There were no investments held during the audit period.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the payment of debt principle and interest related to the purchase of an ambulance.

**MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Cash

The District maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

| | | |
|-----------------|-----------------|-----------------|
| | <u>2006</u> | <u>2005</u> |
| Demand deposits | <u>\$77,601</u> | <u>\$83,196</u> |

Deposits are collateralized by the Federal Depository Insurance Corporation (FDIC).

**MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

| 2006 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$34,065 | \$42,962 | (\$8,897) |
| Debt Service | 10,310 | 10,310 | 0 |
| Total | \$44,375 | \$53,272 | (\$8,897) |

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$122,542 | \$49,597 | \$72,945 |
| Debt Service | 10,310 | 10,310 | 0 |
| Total | \$132,852 | \$59,907 | \$72,945 |

| 2005 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$23,520 | \$35,855 | \$12,335 |
| Debt Service | 12,000 | 10,310 | (1,690) |
| Total | \$35,520 | \$46,165 | \$10,645 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$208,838 | \$90,676 | \$118,162 |
| Debt Service | 0 | 10,310 | (10,310) |
| Total | \$208,838 | \$100,986 | \$107,852 |

Contrary to Ohio Revised Code Section 5705.41(B), the District had expenditures exceeding appropriations in the Debt Service Fund in the amount of \$10,310 during 2005.

**MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Directors adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due by December 31. If the property owner pays semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

Debt outstanding at December 31, 2006 was as follows:

| | Principal | Interest Rate |
|----------------|-----------|---------------|
| Ambulance Loan | \$23,488 | 4.5% |

The District took out a loan to finance the purchase of a new ambulance. The pledged collateral for the security of the debt is the vehicle purchased.

Amortization of the above debt, including interest, is scheduled as follows:

| Year ending December 31: | Ambulance Loan |
|--------------------------|----------------|
| 2007 | \$10,310 |
| 2008 | 10,310 |
| 2009 | 5,155 |
| Total | \$25,775 |

6. Retirement System

| <i>Retirement Rates</i> | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|-------------------------|-------------|--------------------|----------------------|
| <i>PERS – Local</i> | <i>2005</i> | <i>8.5%</i> | <i>13.55%</i> |
| <i>PERS – Local</i> | <i>2006</i> | <i>9%</i> | <i>13.7%</i> |

All employees belong to the Ohio Public Employees Retirement System (OPERS). The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the District contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

**MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

7. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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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*

Mineral Sandy Ambulance District
Tuscarawas County
P.O. Box 454
Mineral City, Ohio 44656

To the District Board of Directors:

We have audited the financial statements of the Mineral Sandy Ambulance District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 21, 2007, wherein we noted the District followed 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 the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District'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 significant deficiencies.

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 the District'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 the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider Finding Numbers 2006-001 and 2006-002 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

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 material weaknesses. However, of the significant deficiencies described above, we believe Finding Number 2006-001 is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated September 21, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the District'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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as Finding Number 2006-002.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

September 21, 2007

**MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2006-001

Material Weakness/Significant Deficiency

Ambulance Runs

The District's emergency medical technicians (EMT) complete a run sheet for each ambulance run. The run sheet details the patient's personal information, mileage driven for the run, and the type of run. The Chief EMT obtains each run sheet and determines which runs should be sent to Ohio Billing, the District's ambulance billing service organization, for billing based on residency. Ohio Billing bills the patients based on information provided on the run sheet. Each month, Ohio Billing sends a billing summary to the District Clerk which summarizes the amounts and patients were billed for that month.

During testing of 2005 ambulance billings and receipts, we noted the following:

- There was one instance where the District EMT did not disclose the total mileage driven for the run which resulted in the patient being under-billed resulting in a potential loss of \$88.
- There was one instance where Ohio Billing did not bill the patient for the mileage driven on the run despite mileage being reported on the run sheet resulting in the patient being under-billed totaling \$104. (Ohio Billing was notified of the error and has subsequently billed for the mileage).

As a result, errors or irregularities exist without being detected timely. Additionally, the total error discovered equaled \$192 or when projected to the population equaled \$492 in potential lost revenue.

The District should review and reconcile monthly billing reports received from Ohio Billing to the run sheets maintained at the District to help ensure all patients are billed accurately.

FINDING NUMBER 2006-002

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2005, District expenditures in the Debt Service Fund exceeded appropriations by \$10,310. While the District submitted an Amended Certificate to the County Auditor for the Debt Service Fund receipts, appropriations were not formally approved by the Board in the minutes. The District should ensure all appropriations are approved by the Board. This will help ensure compliance with the revised code and can help prevent overspending.

Officials' Response: We did not receive a response from Officials' to the findings reported above.



Mary Taylor, CPA
Auditor of State

MINERAL SANDY AMBULANCE DISTRICT
TUSCARAWAS 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
NOVEMBER 27, 2007