

QUAD AMBULANCE DISTRICT

STARK COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2011 and 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Quad Ambulance District
6930 Minerva Road
Waynesburg, Ohio 44688

We have reviewed the *Report of Independent Accountants* of the Quad Ambulance District, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Quad Ambulance District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 16, 2011

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QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
Audit Report
For the years ended December 31, 2011 and 2010

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Quad Ambulance District
Stark County
6930 Minerva Road
Waynesburg, Ohio 44688

To the Board of Trustees:

We have audited the accompanying financial statements of the Quad Ambulance District, Stark County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 Quad Ambulance 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.

While the Quad Ambulance 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 the District 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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Quad Ambulance District as of December 31, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Quad Ambulance District, Stark County, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Quad Ambulance District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2012, on our consideration of the Quad Ambulance 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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

February 3, 2012

QUAD AMBULANCE DISTRICT
STARK COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

| | | |
|--|-----------|------------------------------|
| <u>Cash Receipts:</u> | | |
| Property and Local Taxes | \$ | 538,905 |
| Charges for Services | | 136,337 |
| Earnings on Investments | | 161 |
| Other | | <u>672</u> |
| Total Cash Receipts | | 676,075 |
| <u>Cash Disbursements:</u> | | |
| General Government | | 122,410 |
| Public Safety | | 380,004 |
| Contract Services | | 18,020 |
| Supplies and Materials | | 11,348 |
| Capital Outlay | | 2,671 |
| Miscellaneous | | <u>15,384</u> |
| Total Cash Disbursements | | <u>549,837</u> |
| Total Receipts Over/(Under) Disbursements | | 126,238 |
| Fund Cash Balance January 1, 2011 | | 267,952 |
| Fund Cash Balance December 31, 2011 | | |
| Assigned | | 10,997 |
| Unassigned | | <u>383,193</u> |
| Fund Cash Balance December 31, 2011 | \$ | <u><u>394,190</u></u> |

See accompanying Notes to the Financial Statements

QUAD AMBULANCE DISTRICT
STARK COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

| | | |
|--|----|------------------------------|
| <u>Cash Receipts:</u> | | |
| Property and Local Taxes | \$ | 557,397 |
| Charges for Services | | 141,972 |
| Earnings on Investments | | 487 |
| Other | | <u>679</u> |
| Total Cash Receipts | | 700,535 |
| <u>Cash Disbursements:</u> | | |
| General Government | | 117,971 |
| Public Safety | | 363,759 |
| Contract Services | | 18,938 |
| Supplies and Materials | | 10,146 |
| Capital Outlay | | 72,044 |
| Miscellaneous | | <u>19,372</u> |
| Total Cash Disbursements | | <u>602,230</u> |
| Total Receipts Over/(Under) Disbursements | | 98,305 |
| Fund Cash Balance January 1, 2010 | | <u>169,647</u> |
| Fund Cash Balance December 31, 2010 | \$ | <u><u>267,952</u></u> |
| Reserve for Encumbrances, December 31, 2010 | \$ | <u><u>45,310</u></u> |

See accompanying Notes to the Financial Statements

**QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Quad Ambulance District, Stark County, is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed four-member Board of Directors. One board member is appointed by each political subdivision within the District. Those subdivisions are Village of Magnolia, the Village of Waynesburg, Sandy Township, and Rose Township. The District provides ambulance services within the subdivisions and by contract to areas outside the subdivisions.

The District's management believes these financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Quad Ambulance District prepares its financial statements following 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. 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 prescribed or permitted by the Auditor of State.

C. CASH

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.

D. FUND ACCOUNTING

The District maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restriction associated with each class of funds is as follows:

**QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. FUND ACCOUNTING - (Continued)

Governmental Fund Type:

General Fund: The general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in a specific fund.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the District Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the District. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the District. The certificate is approved by the county budget commission and sent to the District Fiscal Officer by September 1.

Prior to December 31, the District must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2011 and 2010. However, those fund balances are available for appropriation.

**QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS - (Continued)

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. FUND BALANCE

For December 31, 2011, fund balance is divided into classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. FUND BALANCE - (Continued)

2. Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

2. CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by general fund. The Ohio Revised Code prescribed allowable deposits and investments. The carrying amount of cash at December 31, 2011 and 2010 follows:

| | | |
|-----------------|------------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| Demand Deposits | <u>\$394,190</u> | <u>\$267,952</u> |

Deposits: Deposits are either: (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the District or (3) collateralized by the financial institution's public entity deposit pool.

**QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

3. PROPERTY TAX

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Stark County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 2010. The next revaluation is scheduled for 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2011 represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied April 1, 2010 on the values listed as of December 31, 2010. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Stark County Treasurer collects property taxes on behalf of the District. The Stark County Auditor remits the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

**QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and 2010 is as follows:

| <u>2011 Budgeted vs. Actual Receipts</u> | | | |
|--|------------------------------|----------------------------|-----------------|
| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
| General | \$689,900 | \$676,075 | (\$13,825) |

| <u>2011 Budgeted vs. Actual Budgetary Basis Expenditures</u> | | | |
|--|---------------------------------|-----------------------------------|-----------------|
| <u>Fund Type</u> | <u>Total Appropriations</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General | \$877,400 | \$560,834 | \$316,566 |

| <u>2010 Budgeted vs. Actual Receipts</u> | | | |
|--|------------------------------|----------------------------|-----------------|
| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
| General | \$657,137 | \$700,535 | \$43,398 |

| <u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u> | | | |
|--|---------------------------------|-----------------------------------|-----------------|
| <u>Fund Type</u> | <u>Total Appropriations</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General | \$684,400 | \$647,540 | \$36,860 |

5. DEFINED BENEIT PENSION PLAN

The District's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plans. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10% in 2010 and 2011 of their gross pay while the District contributed an amount equal to 14% of covered payroll for both years. The District paid all required contributions through 2011.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

**QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

7. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Quad Ambulance District
Stark County
6930 Minerva Road
Waynesburg, Ohio 44688

To the Board of Trustees:

We have audited the financial statements of the Quad Ambulance District, Stark County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated February 3, 2012, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Also, we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and timely corrected.

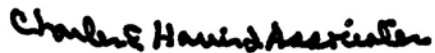
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters that we have reported to management of the District in a separate letter dated February 3, 2012.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the District. We intend it for no one other than these specified parties.



Charles E. Harris and Associates, Inc.

February 3, 2012

**QUAD AMBULANCE DISTRICT
STARK COUNTY, OHIO
For the Years Ended December 31, 2011 and 2010**

Schedule of Prior Audit Findings

The prior audit report, for the years ended December 31, 2009 and 2008, reported no material citations or recommendations.



Dave Yost • Auditor of State

QUAD AMBULANCE DISTRICT

STARK 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
APRIL 26, 2012**