



Dave Yost • Auditor of State



**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2013 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) -- All Governmental Fund Types - For the Year Ended December 31, 2012 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings.....	13

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Tri-Division Ambulance District  
Stark County  
PO Box 352  
East Sparta, Ohio 44626

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Tri-Division Ambulance District, Stark County, (the District) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Government's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Government as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Tri-Division Ambulance District, Stark County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2012, the District restated the beginning fund balance of the general fund due to the previous receipts being overstated. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 4, 2014

**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$351,103	\$0	\$351,103
Charges for Services	0	19,655	19,655
Intergovernmental	78,585	0	78,585
Earnings on Investments	518	0	518
Miscellaneous	9,628	0	9,628
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	439,834	19,655	459,489
<b>Cash Disbursements:</b>			
Current Disbursements:			
Security of Persons and Property:			
Salaries	269,903	0	269,903
Fringe Benefits	37,811	0	37,811
Materials and Supplies	6,158	11,201	17,359
Equipment	2,000	0	2,000
Other	86,026	45,486	131,512
Capital Outlay	171,633	0	171,633
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	573,531	56,687	630,218
Excess Receipts Over (Under) Disbursements	<hr/> (133,697)	<hr/> (37,032)	<hr/> (170,729)
Fund Cash Balances, January 1	<hr/> 522,314	<hr/> 52,090	<hr/> 574,404
<b>Fund Cash Balances, December 31</b>			
Restricted	0	15,058	15,058
Assigned	4,000	0	4,000
Unassigned (Deficit)	384,617	0	384,617
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<b><u>\$388,617</u></b>	<b><u>\$15,058</u></b>	<b><u>\$403,675</u></b>

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

**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$373,108	\$0	\$373,108
Charges for Services	0	27,612	27,612
Intergovernmental	92,194	0	92,194
Earnings on Investments	532	27	559
Miscellaneous	1,460	0	1,460
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	467,294	27,639	494,933
<b>Cash Disbursements:</b>			
Current Disbursements:			
Security of Persons and Property:			
Salaries	263,605	0	263,605
Fringe Benefits	36,905	0	36,905
Materials and Supplies	15,206	5,494	20,700
Equipment	50	0	50
Other	104,246	18,257	122,503
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	420,012	23,751	443,763
Excess Receipts Over (Under) Disbursements	<hr/>	<hr/>	<hr/>
	47,282	3,888	51,170
Fund Cash Balances, January 1 (restated)	<hr/>	<hr/>	<hr/>
	475,032	48,202	523,234
<b>Fund Cash Balances, December 31</b>			
Restricted	0	52,090	52,090
Assigned	3,317	0	3,317
Unassigned (Deficit)	518,997	0	518,997
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<b><u>\$522,314</u></b>	<b><u>\$52,090</u></b>	<b><u>\$574,404</u></b>

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

**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 Tri-Division Ambulance District, Stark County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Pike Township, Sandy Township, and the Village of East Sparta. The District provides ambulance 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits 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.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

This fund accounts for and reports the proceeds of a specific revenue sources that is restricted to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

Ambulance & Emergency Medical Service Fund – This fund receives money from ambulance services provided by the District.

**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(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 for each fund, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 4.

**F. Fund Balance**

Fund balance is divided into five 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.

**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.

**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**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.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Restatement of Fund Balances**

The General Fund balance as of January 1, 2012 has been restated due to the correction of errors made in 2010 and 2011. Cash receipts previously reported in the General Fund as of December 31, 2010 and 2011 were overstated in total by \$33,607.

	<u>General</u>
Fund balance, December 31, 2011	\$ 508,639
Correction of 2010 and 2011 cash receipts	<u>(33,607)</u>
Fund balance, January 1, 2012	<u><u>\$ 475,032</u></u>

**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Equity in Pooled Deposits**

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

	2013	2012
Demand deposits	\$403,675	\$574,404
Total deposits	403,675	574,404

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**4. Budgetary Activity**

Budgetary activity for the years ending 2013 and 2012 follows:

**2013 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$435,840	\$439,834	\$3,994
Special Revenue	28,500	19,655	(8,845)
Total	\$464,340	\$459,489	(\$4,851)

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$961,471	\$577,531	\$383,940
Special Revenue	80,589	56,687	23,902
Total	\$1,042,060	\$634,218	\$407,842

**2012 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$441,914	\$467,294	\$25,380
Special Revenue	36,000	27,639	(8,361)
Total	\$477,914	\$494,933	\$17,019

**2012 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$950,554	\$423,329	\$527,225
Special Revenue	84,202	23,751	60,451
Total	\$1,034,756	\$447,080	\$587,676

**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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 to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

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

**6. Retirement Systems**

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the District contributed an amount equal to 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

**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.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Tri-Division Ambulance District  
Stark County  
PO Box 352  
East Sparta, Ohio 44626

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Tri-Division Ambulance District, Stark County, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2014, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the January 1, 2012 General Fund balance was restated due to prior year receipts being overstated.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

***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, opining 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*.

***Entity's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Entity's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 4, 2014

**TRI-DIVISION AMBULANCE DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 21, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**Financial Statement Adjustments**

<i>Finding Number</i>	2013-001
-----------------------	----------

MATERIAL WEAKNESS

Receipts and disbursements should be posted to the line item classification as established by the Ohio Administrative Code. In addition, fund balances should be reported in accordance with Governmental Accounting Standards Board (GASB) Statement 54.

During 2013 and 2012, several receipts, adjustments and appropriation transfers were not posted into accurate classifications. The following posting errors were noted:

- During 2013, homestead and rollback and personal property tax reimbursement receipts totaling \$78,585 were improperly recorded as property and other local taxes rather than intergovernmental receipts in the General Fund.
- During 2013, intrafund appropriation transfers totaling \$5,000 in the Ambulance and Emergency Medical Services Fund were improperly recorded as transfers in and out.
- During 2013, fund balances were not reported in accordance with GASB 54.
- During 2012, homestead and rollback and personal property tax reimbursement receipts totaling \$94,194 were improperly recorded as property and other local taxes rather than intergovernmental receipts in the General Fund.
- During 2012, a prior period adjustment in the amount of \$33,607 was improperly recorded as a reduction of property and other local taxes rather than a beginning balance adjustment in the General Fund.
- During 2012, fund balances were not reported in accordance with GASB 54.

Not posting revenues, disbursements and fund balance accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and disbursements are properly identified and classified on the financial statements. In addition, the District should review Auditor of State Bulletin 2011-004 which addresses reporting of governmental type fund balances in accordance with GASB 54.

**Official's Response:**

The Board and Fiscal officer were unaware of the need to record the homestead and rollback and personal property tax reimbursement receipts as "intergovernmental receipts". Upon investigation, it appears that the accounting system in use (OTAS) is not currently configured to appropriately record these receipts. The Board has directed the Fiscal Officer to work with the accounting system vendor make the changes necessary do that going forward these funds can be properly recorded. Further, the Board will provide increased scrutiny to the accounting for Tri-Division receipts to prevent improper recording in the future. Regarding intrafund appropriations, the Board has discussed this with the Fiscal Officer and believes this was an oversight. The Board does not expect to experience this type of improperly recorded transfer in the future. Further, the Board undertakes to engage in additional discussion and awareness whenever intrafund transfers are found necessary. Regarding the prior period adjustment, the Board has discussed this with the current Fiscal Officer and believes this to be an oversight on the part of the previous Fiscal Officer. The Board does not anticipate this type of oversight to occur again. As with the intrafund appropriations, the Board believes awareness of the issue and increased scrutiny of transfers and adjustments will provide an improved level of protection against these oversights. Regarding properly reporting in accordance with GASB 54, the Board has discussed this with the Fiscal Officer and determined that whenever The Board or Fiscal Officer have questions concerning the accurate recording and reporting of funds that Tri-Division is responsible for, additional assistance and/or guidance should be requested from the local representatives of Auditor of State to help us prevent these types of errors in the future.



# Dave Yost • Auditor of State

**TRI DIVISION 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  
JANUARY 08, 2015**