



**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Firelands Ambulance Service
Huron County
25 James Street
New London, Ohio 44851-1211

To the Board of Trustees:

We have audited the accompanying financial statements of Firelands Ambulance Service, Huron County, Ohio, (the Ambulance Service) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Ambulance Service's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Ambulance Service prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and reserves for encumbrances of the Ambulance Service as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2001 on our consideration of the Ambulance Service's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 11, 2001

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Cash Receipts:		
Local Taxes	\$47,255	\$46,039
Intergovernmental	4,938	4,850
Charges for Services	27,108	37,864
Earnings on Investments	1,945	1,892
Other Revenue	2,817	4,973
 Total Cash Receipts	 84,063	 95,618
Cash Disbursements:		
Current:		
Salaries	29,799	32,666
Payroll Taxes	3,522	3,470
Retirement and Workers Compensation	4,392	6,096
Ambulance Supplies	2,335	8,225
Insurance	4,806	6,025
Utilities	6,815	5,856
Training	5,407	102
Ambulance Repairs	3,690	1,802
Miscellaneous	1,409	2,167
Auditor Deductions	1,174	957
Radio Expenses	2,470	4,151
Contract Services	30,188	10,408
Supplies and Services	6,053	5,874
 Total Cash Disbursements	 102,060	 87,799
 Total Receipts Over/(Under) Disbursements	 (17,997)	 7,819
 Cash Balances, January 1	 48,513	 40,694
Cash Balances, December 31	\$30,516	\$48,513
 Reserve for Encumbrances, December 31	 \$7,128	

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

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**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Firelands Ambulance Service, Huron County, (the Ambulance Service) 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 Ambulance Service is directed by an appointed five-member Board of Trustees. The Ambulance Service provides emergency medical services to residents of Ruggles and Troy Townships in Ashland County, Fitchville and New London Townships in Huron County and the Village of New London in Huron County. One board member is appointed by each of these political subdivisions.

The Ambulance Service's management believes these financial statements present all activities for which the Ambulance Service 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. 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 and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Ambulance Service uses fund accounting to segregate cash and investments that are restricted as to use. The Ambulance Service has only one fund and classifies it as follows:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

E. Budgetary Process

The Ohio Revised Code requires that the General Fund be budgeted annually.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. Appropriations

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

3. Encumbrances

The Ohio Revised Code requires the Ambulance Service to reserve (encumber) appropriations when individual commitments are made. The Ambulance Service did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$9,865	\$48,513
Certificates of deposit	20,651	
Total deposits	<u>\$30,516</u>	<u>\$48,513</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$79,572</u>	<u>\$84,063</u>	<u>\$4,491</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$128,000</u>	<u>\$109,188</u>	<u>\$18,812</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$78,217</u>	<u>\$95,618</u>	<u>\$17,401</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$118,000</u>	<u>\$87,799</u>	<u>\$30,201</u>

The Ambulance Service did not properly certify the availability of funds as required by Ohio law.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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 Ambulance Service.

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.

Both Ashland and Huron Counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Ambulance Service.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

The Ambulance Service's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Ambulance District contributed an amount equal to 10.84% of the participants' gross salaries in 2000, and 13.55% of participants' gross salaries for 1999. The Ambulance Service has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Ambulance Service has obtained commercial insurance for the following risks:

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Firelands Ambulance Service
Huron County
25 James Street
New London, Ohio 44851-1211

To the Board of Trustees:

We have audited the accompanying financial statements of Firelands Ambulance Service, Huron County, Ohio, (the Ambulance Service) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 11, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Ambulance Service's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and is described in the accompanying schedule of findings as item 2000-40539-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Ambulance Service in a separate letter dated April 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Ambulance Service's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Ambulance Service in a separate letter dated April 11, 2001.

Firelands Ambulance Service
Huron County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 11, 2001

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-40539-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificate, if such certificate is otherwise valid.

- b. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board.

We noted that the Clerk-Treasurer did not properly certify 12% of the Ambulance Service' expenditures. The failure to properly certify expenditures resulted in material unrecorded purchase commitments at December 31, 2000, that required an adjustment of \$7,128 to the Ambulance Service's 2000 financial statements. The failure to properly certify expenditures may result in the Ambulance Service expending amounts in excess of available resources. We recommend that the Clerk-Treasurer certify all expenditures and use the then and now exception when needed.



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FIRELANDS AMBULANCE SERVICE

HURON 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 10, 2001**