



**Auditor of State
Betty Montgomery**

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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 the Firelands Ambulance Service, Huron County, (the Ambulance Service) as of and for the years ended December 31, 2002 and 2001. 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 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. 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 of the Ambulance Service, as of December 31, 2002 and 2001, 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 June 6, 2003 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.

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Betty Montgomery
Auditor of State

June 6, 2003

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Cash Receipts:		
Local Taxes	\$49,156	\$46,930
Intergovernmental	4,487	3,437
Charges for Services	75,712	72,305
Earnings on Investments	693	462
Miscellaneous	2,680	1,152
	132,728	124,286
Total Cash Receipts		
Cash Disbursements:		
Current:		
Salaries	49,200	45,340
Payroll Taxes	4,361	3,976
Retirement and Workers Compensation	7,690	6,965
Ambulance Supplies	4,944	3,535
Insurance	5,090	4,834
Utilities	7,874	9,526
Training	7,973	8,080
Ambulance Repairs	3,938	8,539
Miscellaneous	6,136	1,731
Auditor Deductions	2,434	1,194
Radio Expenses	26,486	2,118
Contract Services	6,001	12,180
Supplies and Services	4,914	11,456
	137,041	119,474
Total Disbursements		
Total Receipts Over/(Under) Disbursements	(4,313)	4,812
Other Financing Receipts:		
Proceeds from Sale of Public Debt:		
Loan Proceeds	22,520	
	22,520	
Total Other Financing Receipts/(Disbursements)		
	22,520	
Excess of Cash Receipts and Other Financing Receipt Over Cash Disbursements and Other Financing Disbursements	18,207	4,812
Cash Balances, January 1	35,328	30,516
Cash Balances, December 31	\$53,535	\$35,328

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, 2002 AND 2001**

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. 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.

D. 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 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. Appropriations lapse at year end.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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 Ambulance Service to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

E. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$41,338	\$17,858
Savings Account	12,197	17,470
Total deposits	\$53,535	\$35,328

Deposits are insured by the Federal Depository Insurance Corporation.

The Ambulance Service did not properly designate public depositories as required by the Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,479	\$155,248	\$41,769

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,507	\$137,041	\$11,466

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,048	\$124,286	\$30,238

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,000	\$119,474	\$4,526

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's service area.

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 Ambulance Service.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Radio Loan	\$21,591	5.00%

The Ambulance Service obtained a commercial loan for the purchase of radio equipment. The loan is secured by the equipment purchased with loan proceeds.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

Year ending December 31:	Radio Equipment
2003	\$5,125
2004	5,125
2004	5,125
2006	5,125
2007	3,843
Total	<u>\$24,343</u>

6. RETIREMENT SYSTEMS

The Ambulance Service's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2002 and 2001, OPERS member employees contributed 8.5 percent of their gross salaries. The Ambulance Service contributed an amount equal to 13.55 percent of participants' gross salaries. The Ambulance Service has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

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

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



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 the Firelands Ambulance Service, Huron County, (the Ambulance Service) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 6, 2003. We conducted our audits 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.

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 the 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* which is described in the accompanying schedule of findings as item 2002-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Ambulance Service in a separate letter dated June 6, 2003.

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 management of the Ambulance Service in a separate letter dated June 6, 2003.

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

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 6, 2003

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Revised Code § 135.12 requires each governing board to meet every five years on the third Monday of the month next preceding the date of the expiration of its designation of depositories for the purpose of designating the public depositories of the public moneys of the subdivision, and at such meeting, shall designate such public depositories and award the moneys of the subdivision to and among the public depositories so designated for a period of five years commencing on the date of the expiration of the next preceding designation. No evidence could be located to indicate Sutton Bank and National City Bank had been designated a public depository following the expiration of the prior designations in April, 1999.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40539-001	Ohio Revised Code § 5705.41(D) - failure to properly certify expenditures	No	Partially corrected reducing this to a management letter comment.



**Auditor of State
Betty Montgomery**

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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
JULY 8, 2003**