

***SOUTH CENTRAL AMBULANCE DISTRICT***

**ASHTABULA COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2013 and 2012**







# Dave Yost • Auditor of State

Board of Trustees  
South Central Ambulance District  
3100 State Route 6  
Rome, Ohio 44085

We have reviewed the *Independent Auditors' Report* of the South Central Ambulance District, Ashtabula County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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.

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 South Central 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

July 17, 2014

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**SOUTH CENTRAL AMBULANCE DISTRICT**  
**ASHTABULA COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2013 and 2012**

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**INDEPENDENT AUDITORS' REPORT**

South Central Ambulance District  
Ashtabula County  
3100 State Route 6  
Rome, Ohio 44085

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the South Central Ambulance District, Ashtabula 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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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 District'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 District'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 opinions.

***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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy 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 District 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 cash balances of South Central Ambulance District, Ashtabula County as of December 31, 2013 and 2012, and its 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 permits, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 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.

*Charles E. Harris*

***Charles E. Harris & Associates, Inc.***  
June 10, 2014

**South Central Ambulance District  
Ashtabula County**

**Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance  
General Fund  
For The Years Ended December 31, 2013 and 2012**

	<b>GENERAL FUND</b>	
	<b>2013</b>	<b>2012</b>
<u>CASH RECEIPTS:</u>		
Local Taxes	\$ 516,064	\$ 521,630
Intergovernmental	75,090	74,430
Charges for Services	307,069	263,425
Earnings on Investments	2,072	4,007
Miscellaneous	13,434	7,708
	<u>913,729</u>	<u>871,199</u>
 <u>CASH DISBURSEMENTS:</u>		
Current:		
Wages and Salaries	493,544	468,501
Personal Service	3,840	3,880
Supplies	38,605	31,272
Maintenance	16,699	18,158
Fringe & Insurance	223,971	248,581
Utilities	16,363	16,417
Training	2,236	3,789
Equipment	198,621	27,671
Auditor & Treasurer Fees	11,346	11,900
Capital Improvement	-	1,075
Miscellaneous	29,946	23,976
	<u>1,035,171</u>	<u>855,220</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	(121,442)	15,979
Fund Cash Balances, January 1	<u>1,049,081</u>	<u>1,033,102</u>
Fund Cash Balances, December 31 Unassigned	<u>927,639</u>	<u>1,049,081</u>
Fund Cash Balances, December 31	<u>\$ 927,639</u>	<u>\$ 1,049,081</u>

See accompanying Notes to the Financial Statements



**SOUTH CENTRAL AMBULANCE DISTRICT  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended 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 South Central Ambulance District, Ashtabula County (the District), as a body corporate and politic. Eleven Board members govern the District. Each political subdivision within the District appoints one member. Those subdivisions are Colebrook Township, Dorset Township, Hartsgrove Township, Lenox Township, Morgan Township, New Lyme Township, Orwell Township, Rome Township, Orwell Village, and Roaming Shores Village, in Ashtabula County. 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. BASIS OF ACCOUNTING**

The South Central 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 disbursements 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. Money market and mutual funds are recorded at cost.

**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:

**SOUTH CENTRAL AMBULANCE DISTRICT  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012**

**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, 2013 and 2012. However, those fund balances are available for appropriation.

**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.

**SOUTH CENTRAL AMBULANCE DISTRICT  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. BUDGETARY PROCESS - (Continued)**

**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 disbursements and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

**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**

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.

**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.

**SOUTH CENTRAL AMBULANCE DISTRICT  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**G. FUND BALANCE - (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.

**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, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Demand Deposits	\$ 397,980	\$ 620,828
Total Deposits	<u>397,980</u>	<u>620,828</u>
Investments:		
Certificates of Deposit	-	152,497
Money Market	429,659	275,756
Mutual Fund	100,000	-
Total Investments	<u>529,659</u>	<u>428,253</u>
Total Deposits and Investments	<u>\$ 927,639</u>	<u>\$ 1,049,081</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.

**SOUTH CENTRAL AMBULANCE DISTRICT  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012**

**3. 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.

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

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2013 and 2012 is as follows:

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$799,913	\$913,729	\$113,816

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$1,051,035	\$1,035,171	\$15,864

<u>Fund Type</u>	<u>2012 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$785,144	\$871,199	\$86,055

<u>Fund Type</u>	<u>2012 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$864,200	\$855,220	\$8,980

**SOUTH CENTRAL AMBULANCE DISTRICT  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012**

**5. 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 2012 and 2013 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 2013.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive Liability and crime coverage;
- Vehicles; and
- Portable equipment and management liability

Settled claims have not exceeded coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

**7. SUBSEQUENT EVENTS/PENDING LITIGATION**

Management believes there are no pending claims or lawsuits.

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

South Central Ambulance District  
Ashtabula County  
3100 State Route 6  
Rome, Ohio 44085

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 the South Central Ambulance District, Ashtabula 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 June 10, 2014, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

***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-SCAD-01 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*.

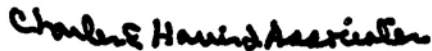
We also noted certain matters that we have reported to management of the Library in a separate letter dated June 10, 2014

***Entity's Response to Finding***

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 District'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.



***CHARLES E. HARRIS & ASSOCIATES, INC.***

June 10, 2014



**SOUTH CENTRAL AMBULANCE DISTRICT  
ASTHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2013 and 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2013-SCAD-01 – Material Weakness**

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the District's records. The District did not resolve various differences between the adjusted bank balance and the cash balance reflected in the District's accounting records. These differences were the result of various recording errors and omissions of reconciling items located below:

- Interest of \$1,495 in 2013 and \$3,223 in 2012 were not posted in the District's bookkeeping accounting system on a timely basis
- Purchase of a certificate of deposit was recorded as an actual receipt, which resulted in the 2013 ending fund balance being overstated by \$152,838
- Purchase of equipment in the General fund – Memorial Fund was not correctly posted and led to fund balance being understated by \$5,995

The financial statements and District's records have been adjusted to properly reflect these transactions.

Without complete and accurate monthly bank reconciliations, the District's internal control is weakened, which could hinder the detection of errors or irregularities by the District's management in a timely manner.

We recommend that the District complete formal bank reconciliations for their general and savings accounts. If there are reconciling items, the Ambulance Director should determine the accuracy of these items and update the accounting system and records timely. The Trustees should then monitor the District's monthly financial activity, determine their respective cash position and make sound decisions. Reconciliations should be reviewed by the governing body on a monthly basis and formally approved attesting to their accuracy and completeness and noted in the monthly minute meeting.

Management Response:

Management stresses that no money is missing but will strive to complete current and accurate bank reconciliations going forward.

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# Dave Yost • Auditor of State

**SOUTH CENTRAL AMBULANCE DISTRICT**

**ASHTABULA 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 29, 2014**