



Dave Yost • Auditor of State

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts, and disbursements by fund type, and related notes of Firelands Ambulance Service, Huron County, Ohio (the Ambulance Service) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 statement is 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 Ambulance Service's preparation and fair presentation of the financial statement 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 Ambulance Service'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 statement, the Ambulance Service prepared this financial statement 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Ambulance Service does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Ambulance Service as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash balances of Firelands Ambulance Service, Huron County Ohio as of December 31, 2014 and 2013, 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(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016, 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 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 Ambulance Service's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

February 12, 2016

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE (CASH BASIS)
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Cash Receipts:		
Property and Other Local Taxes	\$130,867	\$134,187
Charges for Services	146,654	106,924
Intergovernmental	32,127	36,673
Earnings on Investments	828	824
Miscellaneous	12,088	9,791
<i>Total Cash Receipts</i>	322,564	288,399
Cash Disbursements:		
Current Disbursements:		
Security of Persons and Property:		
Salaries	122,055	117,170
Fringe Benefits	15,398	16,183
Materials and Supplies	17,152	18,469
Equipment	18,073	16,293
Other	57,871	70,300
Debt Service:		
Principal Retirement	47,000	45,400
Interest and Fiscal Charges	16,088	17,790
<i>Total Cash Disbursements</i>	293,637	301,605
<i>Net Change in Fund Cash Balance</i>	28,927	(13,206)
<i>Fund Cash Balance, January 1</i>	314,613	327,819
Fund Cash Balance, December 31		
Assigned	343,540	314,613
<i>Fund Cash Balance, December 31</i>	\$343,540	\$314,613

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

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**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013**

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 Firelands Ambulance Service, Huron County, Ohio (the Ambulance Service) as a body corporate and politic. A five-member Board of Trustees governs the Ambulance Service. Each political subdivision within the area served by the Ambulance Service appoints a member. Those subdivisions are the Village of New London and Fitchville and New London Townships in Huron County, and Ruggles and Troy Township in Ashland County. The Ambulance Service provides emergency medical services to residents of these political subdivisions.

The Ambulance Service participates in Ohio Plan Risk Management, Inc., which is a public entity risk pool that provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members. Note 7 to the financial statement provides additional information for this entity.

The Ambulance Service's management believes this financial statement presents all activities for which the Ambulance Service is financially accountable.

B. Accounting Basis

This financial statement follows 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 Board 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).

This statement includes 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. Fund Accounting

The Ambulance Service uses one fund and classifies it as the General Fund. It presents all financial resources of the District.

D. Budgetary Process

The Ohio Revised Code requires the Ambulance Service to budget its fund 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. Unencumbered appropriations lapse at year end.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Ambulance Service must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Ambulance Service 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 Ambulance Service 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 Ambulance Service Trustees or an Ambulance Service official delegated that authority by resolution, or by State Statute.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 Ambulance Service 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.

F. Property, Plant, and Equipment

The Ambulance Service records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

2. DEPOSITS

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

	2014	2013
Demand deposits	\$343,540	\$314,613

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public Ambulance Service deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$230,731	\$322,564	\$91,833

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$545,343	\$293,637	\$251,706

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$229,777	\$288,399	\$58,622

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$536,500	\$301,605	\$234,895

4. 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 statement includes 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 Ambulance Service.

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, 2014 was as follows:

	Principal	Interest Rate
Tax Anticipation Note	\$295,000	3.75%
Tax Anticipation Note, Second Series	87,000	3.75%
Total	\$382,000	

The Ambulance Service issued tax anticipation notes in 2011 to finance the construction of a new building to house the Ambulance Service. The notes are payable solely from the proceeds of future property tax monies.

The Ambulance Service issued a second series of tax anticipation notes in 2011 to finance the purchase of an ambulance. The notes are payable solely from the proceeds of future property tax monies.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013
(Continued)**

5. DEBT – (Continued)

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

Year ending December 31:	Tax Anticipation Note	Tax Anticipation Note, Second Series
2015	\$48,663	\$14,363
2016	48,653	14,346
2017	48,790	14,315
2018	48,668	14,369
2019	48,692	14,404
2020-2021	97,416	28,738
Total	\$340,882	\$100,535

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Ambulance Service contributed an amount equaling 14% of participants' gross salaries. The Ambulance Service has paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

Risk Pool Membership

The Ambulance Service belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT – (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	2013	2014
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the cash balances, receipts, and disbursements of Firelands Ambulance Service, Huron County, Ohio (the Ambulance Service) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statement, and have issued our report thereon dated February 12, 2016 wherein we noted the Ambulance Service followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Ambulance Service's financial statement. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Ambulance Service's financial statement is 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 Ambulance Service's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Ambulance Service'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 Ambulance Service's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Ambulance Service's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 12, 2016

**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness – Financial Reporting

We identified the following error requiring adjustment to the financial statement for the year ended December 31, 2014:

- Principal payments in the amount of \$47,000 were incorrectly classified as capital outlay disbursements.

We identified the following error requiring adjustment to the financial statement for the year ended December 31, 2013

- Principal (\$45,400) and interest (\$17,790) payments were incorrectly classified as capital outlay disbursements.

These errors were not identified and corrected prior to the audit due to deficiencies in the Ambulance Service's internal controls over financial statement monitoring. The accompanying financial statement, and where applicable, the Ambulance Service's accounting records have been adjusted to reflect this change. Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statement and accompanying notes is complete and accurate.

The Fiscal Officer should review activity prior to posting to ensure the accuracy of the account number utilized for recording debt activity.

Officials' Response:

The Fiscal Officer will ensure the proper recording of transactions.

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**FIRELANDS AMBULANCE SERVICE
HURON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Significant deficiency for the failure to accurately record various transactions and improve monitoring of financial activity.	No	Not corrected. Repeated as Finding number 2014-001 in this report.

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Dave Yost • Auditor of State

FIRELANDS TOWNSHIP 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
MARCH 24, 2016**