



**Auditor of State
Betty Montgomery**

**TRI-COUNTY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Tri-County Ambulance District
Tuscarawas County
530 S. College Street
Newcomerstown, Ohio 43832

To the Board of Directors:

We have audited the accompanying financial statements of Tri-County Ambulance District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District 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 fund cash balances and reserves for encumbrances of the District, 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 July 7, 2003 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 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 audit.

This report is intended solely for the information and use of management, the Board of Directors 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.

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

Betty Montgomery
Auditor of State

July 7, 2003

**TRI-COUNTY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

	2002	2001
Cash Receipts:		
Local Taxes	\$110,119	\$109,585
Intergovernmental	15,024	11,191
Charges for Services	146,221	115,888
Licenses, Permits and Fees	40,965	12,513
Fines and Forfeitures	1,200	1,150
Interest Revenue	664	286
Miscellaneous	21,043	29,522
 Total Cash Receipts	 335,236	 280,135
Cash Disbursements:		
Current:		
General Government	229,436	218,382
Public Safety	12,500	13,822
Debt Service:		
Redemption of Principal	97,000	87,000
Interest	3,213	2,968
Capital Outlay	100,474	18,000
 Total Cash Disbursements	 442,623	 340,172
 Total Cash Receipts Over/(Under) Cash Disbursements	 (107,387)	 (60,037)
Other Financing Sources:		
Proceeds of Notes	125,000	97,000
 Total Other Financing Sources	 125,000	 97,000
 Total Cash Receipts and Other Financing Sources Over Cash Disbursements	 17,613	 36,963
 Fund Cash Balances, January 1	 47,836	 10,873
Fund Cash Balances, December 31	\$65,449	\$47,836
 Reserve for Encumbrances, December 31	 \$3,487	 \$13,734

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

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**TRI-COUNTY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tri-County Ambulance District, Tuscarawas County, (the District) 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 District is directed by an appointed six-member Board of Directors. One board member is appointed by each political subdivision within the District. Those subdivisions are Oxford, Salem, Perry, and Washington Townships; and the Villages of Port Washington and Newcomerstown. The District provides emergency medical services to citizens within those areas.

The District's management believes these financial statements present all activities for which the District 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

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 District uses fund accounting to segregate cash and investments that are restricted as to use. The District fund is classified into the following type:

General Fund

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

**TRI-COUNTY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Directors 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 District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

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.

2. DEPOSITS

The District maintains all cash in the General Fund. Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$65,449	\$47,836

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**TRI-COUNTY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

3. BUDGETARY ACTIVITY

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

Budgeted vs. Actual Receipts		
Fund Type	2002	2001
Budgeted Receipts	\$450,385	\$293,658
Actual Receipts	460,236	377,135
Variance	\$9,851	\$83,477

Budgeted vs. Actual Budgetary Basis Expenditures		
Fund Type	2002	2001
Appropriation Authority	\$278,970	\$253,774
Budgetary Expenditures	446,110	353,906
Variance	(\$167,140)	(\$100,132)

4. NONCOMPLIANCE

During 2002 and 2001, the District had expenditures which exceeded appropriations in the General Fund, contrary to Ohio Rev. Code Section 5705.41 (B).

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Directors. 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 District.

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 District.

**TRI-COUNTY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note - Various Balances	\$69,000	3.50%
Promissory Note - New Ambulance	<u>56,000</u>	4.25%
Total	<u><u>\$125,000</u></u>	

The District currently pays a portion of the principal balance on each one year note and renews each note for a smaller principal.

7. RETIREMENT SYSTEMS

The District's appointed officials and 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, members of OPERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance for full-time employees through a private carrier.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

Tri-County Ambulance District
Tuscarawas County
530 S. College Street
Newcomerstown, Ohio 43832

To the Board of Directors:

We have audited the accompanying financial statements of Tri-County Ambulance District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 7, 2003. We conducted our audit 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 District'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 audit 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 2002-001.

We also noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 7, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2002-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the condition described above to be a material weakness.

We also noted other matters involving internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated July 7, 2003.

This report is intended solely for the information and use of management and the Board of Directors, 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

July 7, 2003

**TRI-COUNTY AMBULANCE DISTRICT
TUSCARAWAS COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2002 and 2001 the General Fund had expenditures which exceeded appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
2002	\$278,970	\$446,110	(\$167,140)
2001	253,774	353,906	(100,132)

Failure to properly appropriate expenditures could result in deficit spending. The District should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the object level to avoid overspending.

FINDING NUMBER 2002-002

Material Weakness

A complete subsidiary record of ambulance revenues was not maintained by the District. Although the ambulance runs are logged and actual receipts are posted to the receipt ledger, there are no accounts receivable records maintained by account and no follow up to determine which runs have been billed, not billed, or billed but not collected. An incomplete record of ambulance service billings and collections by account could result in services being rendered by the District and not being billed or collected.

The District should implement a record keeping system to reflect accounts receivable information by account that documents the amount billed, the amount collected, and the amount not collected for all services provided by the District. This will help provide the District assurances that all services rendered are billed and all receipts due to the District are collected, in the process of collection, or deemed uncollectible.

**TRI-COUNTY AMBULANCE DISTRICT
TUSCARAWAS 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>
2000-41279-001	Revised Code 5705.41(D), failure to certify funds.	No	Partially corrected, included in management letter.
2000-41279-002	Revised Code 5705.41(B), expenditures exceeding appropriations.	No	Not corrected, repeated in current Schedule of Findings as item 2002-001.
2000-41279-003	Subsidiary record of ambulance revenues.	No	Not corrected, repeated in current Schedule of Findings as item 2002-002.



**Auditor of State
Betty Montgomery**

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TRI-COUNTY AMBULANCE DISTRICT

TUSCARAWAS 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
SEPTEMBER 23, 2003**