

***QUAD AMBULANCE DISTRICT***

**STARK COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2009 and 2008**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Quad Ambulance District  
6930 Minerva Road  
Waynesburg, Ohio 44688

We have reviewed the *Report of Independent Accountants* of the Quad Ambulance District, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Quad Ambulance District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

July 27, 2010

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**QUAD AMBULANCE DISTRICT**  
**STARK COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2009 and 2008**

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***Charles E. Harris & Associates, Inc.***  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Quad Ambulance District  
Stark County  
6930 Minerva Road  
Waynesburg, Ohio 44688

To the Board of Trustees:

We have audited the accompanying financial statements of the Quad Ambulance District, Stark County, Ohio (the District) as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 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 described more fully in Note 1, the District has presented these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserve for encumbrances of the District, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2010, 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. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

June 18, 2010

QUAD AMBULANCE DISTRICT  
 STARK COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES - GENERAL FUND  
 FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008

	2009	2008
<u>Cash Receipts:</u>		
Property and Local Taxes	\$ 535,158	\$ 543,525
Charges for Services	143,628	136,031
Earnings on Investments	3,867	7,960
Other	4,116	7,078
Total Cash Receipts	686,769	694,594
<u>Cash Disbursements:</u>		
General Government	109,632	117,328
Public Safety	390,884	418,284
Contract Services	18,326	-
Supplies and Materials	9,825	13,184
Capital Outlay	481,111	43,990
Miscellaneous	24,158	31,597
Total Cash Disbursements	1,033,936	624,383
Total Receipts Over/(Under) Disbursements	(347,167)	70,211
Fund Cash Balance January 1,	516,814	446,603
Fund Cash Balance December 31,	\$ 169,647	\$ 516,814
Reserve for Encumbrances, December 31,	\$ 84,718	\$ 10,816

See accompanying Notes to the Financial Statements



**QUAD AMBULANCE DISTRICT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Quad Ambulance District, Stark County, is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed four-member Board of Directors. One board member is appointed by each political subdivision within the District. Those subdivisions are Village of Magnolia, the Village of Waynesburg, Sandy Township, and Rose Township. The District provides ambulance services within the subdivisions and by contract to areas outside the subdivisions.

The District's management believes these financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

**B. BASIS OF ACCOUNTING**

The Quad 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 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 included in the fund cash balance. 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 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:

**QUAD AMBULANCE DISTRICT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**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 Clerk, 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 Township. 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 Clerk 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 Clerk 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 Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2009 and 2008. However, those fund balances are available for appropriation.

**QUAD AMBULANCE DISTRICT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

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

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

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.

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

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

**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. 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, 2009 and 2008 follows:

**QUAD AMBULANCE DISTRICT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**2. CASH AND CASH EQUIVALENTS – (Continued)**

	<u>2009</u>	<u>2008</u>
Demand Deposits	<u>\$169,647</u>	<u>\$516,814</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.

**3. PROPERTY TAX**

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2007.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

Public utilities are also taxed on personal and real property located within the District. Tangible personal property tax is assessed on the property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax. Tangible property taxes are being phased out through 2009.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

**QUAD AMBULANCE DISTRICT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2009 and 2008 is as follows:

<u>2009 Budgeted vs Actual Receipts</u>			
	Budgeted	Actual	
<u>Fund:</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General Fund	\$ 658,867	\$ 686,769	\$ 27,902
Total	\$ 658,867	\$ 686,769	\$ 27,902
<u>2009 Budgeted vs Actual Budgetary Basis Expenditures</u>			
	Appropriation	Budgetary	
<u>Fund:</u>	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$ 1,163,145	\$ 1,118,654	\$ 44,491
Total	\$ 1,163,145	\$ 1,118,654	\$ 44,491
<u>2008 Budgeted vs Actual Receipts</u>			
	Budgeted	Actual	
<u>Fund:</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General Fund	\$ 687,483	\$ 694,594	\$ 7,111
Total	\$ 687,483	\$ 694,594	\$ 7,111
<u>2008 Budgeted vs Actual Budgetary Basis Expenditures</u>			
	Appropriation	Budgetary	
<u>Fund:</u>	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$ 1,103,958	\$ 635,199	\$ 468,759
Total	\$ 1,103,958	\$ 635,199	\$ 468,759

**QUAD AMBULANCE DISTRICT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**5. DEFINED BENEFIT 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 2008 and 2009 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 2009.

**6. RISK MANAGEMENT**

The District belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with around 500 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

The Ohio Government Risk Management Plan ("the Plan") was organized in June of 1988, as authorized by Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members and an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for formalized, jointly administered self-insurance programs to maintain adequate self-insurance protection, risk management programs and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity for the public purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. The Plan was first established to provide 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. These coverage programs, referred to as Ohio Plan Risk Management ("OPRM"), 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. The OPRM has agreed to pay judgments, settlements and other expenses resulting from claims arising related to the property and casualty coverages provided, in excess of the member's deductible.

**Property and Casualty (OPRM)**

OPRM has developed specific forms and endorsements of property and casualty coverage and substantially reinsures these coverages. Individual members are only responsible for their self-retention (deductible) amounts that vary from member to member.

**QUAD AMBULANCE DISTRICT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**6. RISK MANAGEMENT-(continued)**

The members pay an annual membership fee that is based on a percentage of premiums written for the year, which is earned pro-rata over the life of members' policies, and members who cancel are reimbursed the pro-rata portion of membership fees. OPRM had 654 and 592 members as of December 31, 2008 and 2007, respectively. OPRM has an agreement with Hylant Administrative Services, LLC ("HAS") to provide agent management, underwriting, claims management, risk management, accounting and system support services for OPRM. HAS also provides reinsurance brokerage services to OPRM. OPRM is comprised exclusively of Ohio political subdivisions. Although its exposure is concentrated to a single geographical area, such exposure is reduced by the practice of reinsuring no less than 90% of coverage provided, with the exception of its paid loss ratio cap on old casualty reinsurance layers.

Effective September 1, 2002, OPRM began retaining 5% of the premium and losses on the first \$500,000 casualty treaty and 5% of the first \$1,000,000 property treaty. Effective November 1, 2005, OPRM began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. In 2002, OPRM elected to participate in a loss corridor deductible in its first \$500,000 of casualty reinsurance to control reinsurance costs. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. If the OPRM's paid loss ratio reaches 55%, OPRM would pay all the losses incurred related to this treaty up to the next 10% of premiums earned.

Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded. Effective September 1, 2003, the corridor is for losses paid between 62% and 67% of premiums earned. Effective November 1, 2004, the corridor is for losses paid between 65% and 70% of premiums earned.

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

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>5,286,781</u>	<u>4,273,553</u>
Retained Earnings	\$5,184,333	\$6,862,902

You can read the complete audited financial statements for the Ohio Government Risk Management at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**7. SUBSEQUENT EVENTS/PENDING LITIGATION**

Management believes there are no pending claims or lawsuits.

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

Quad Ambulance District  
Stark County  
6930 Minerva Road  
Waynesburg, Ohio 44688

To the Board of Trustees:

We have audited the financial statements of Quad Ambulance District, Stark County, Ohio (the District) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 18, 2010, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

*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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.



### 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 grants agreements, noncompliance with which could directly and materially affect 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 18, 2010.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, and others within the District. We intend it for no one other than these specified parties.

***Charles E. Harris and Associates, Inc.***

June 18, 2010

**QUAD AMBULANCE DISTRICT  
STARK COUNTY, OHIO  
For the Years Ended December 31, 2009 and 2008**

**Schedule of Prior Audit Findings**

The prior audit report, for the years ended December 31, 2007 and 2006, reported no material citations or recommendations.



**Mary Taylor, CPA**  
Auditor of State

**QUAD AMBULANCE DISTRICT**

**STARK 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  
AUGUST 10, 2010**