



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**STERLING JOINT AMBULANCE DISTRICT
MADISON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances – For the Years Ended December 31, 2001 and 2000.....	3
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

THIS PAGE INTENTIONALLY LEFT BLANK



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Sterling Joint Ambulance District
Madison County
P.O. Box 51
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Sterling Joint Ambulance District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2001 and December 31, 2000. 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 cash balances of the District, as of December 31, 2001 and December 31, 2000, 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 April 30, 2002 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.

Sterling Joint Ambulance District
Madison County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of the management, the Board of Trustees and, other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

April 30, 2002

**STERLING JOINT AMBULANCE DISTRICT
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
Cash Receipts:		
Local Taxes	\$ 221,016	\$ 227,917
Intergovernmental	27,993.00	10,234.00
Charges for Services	151,387.00	128,852.00
Licenses, Permits, and Fees	5,140.00	-
Earnings on Investments	818.00	880.00
Miscellaneous	7,385.00	24,862.00
	<u>413,739.00</u>	<u>392,745.00</u>
Total Cash Receipts	<u>413,739.00</u>	<u>392,745.00</u>
Cash Disbursements:		
Current:		
General Government	98,071.00	81,966.00
Public Safety	249,812.00	256,932.00
Debt Service:		
Redemption of Principal	18,872.00	17,687.00
Interest	9,742.00	10,927.00
Capital Outlay	744.00	90.00
	<u>377,241.00</u>	<u>367,602.00</u>
Total Disbursements	<u>377,241.00</u>	<u>367,602.00</u>
Total Receipts Over/(Under) Disbursements	<u>36,498.00</u>	<u>25,143.00</u>
Other Financing Receipts/(Disbursements):		
Other Sources	12,669.00	51.00
Total Other Financing Receipts/(Disbursements)	<u>12,669.00</u>	<u>51.00</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>49,167.00</u>	<u>25,194.00</u>
Cash Balances, January 1	<u>69,569.00</u>	<u>44,375.00</u>
Cash Balances, December 31	<u><u>\$ 118,736.00</u></u>	<u><u>\$ 69,569.00</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

**STERLING JOINT AMBULANCE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sterling Joint Ambulance District, Madison County, Ohio, (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 eight-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Stokes Township, Village of South Solon, Range Township, Village of Midway, Pleasant Township, Village of Mount Sterling, Darby Township, and Monroe Township. 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

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 and Investments

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. 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 and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

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.

**STERLING JOINT AMBULANCE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

2. EQUITY IN CASH AND INVESTMENTS

The District maintains its active monies in a local depository. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2001	2000
Total Demand deposits	\$118,736	\$69,569

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
	Receipts	Receipts	Variance
	\$393,365	\$426,408	\$33,043

**STERLING JOINT AMBULANCE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$400,000	\$377,241	\$22,759

2000 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
	\$336,093	\$392,796	\$56,703

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$380,468	\$367,602	\$12,866

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Notes	\$139,560	6.50%

**STERLING JOINT AMBULANCE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	Mortgage Revenue <u>Note</u>
2002	\$ 28,614
2003	28,614
2004	28,614
2005	28,614
2006 - 2010	<u>53,846</u>
Total	<u>\$168,302</u>

6. RETIREMENT SYSTEMS

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2001 and 2000, PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000 and all of 2001. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The District has paid, for full-time employees, all contributions required through December 31, 2001.

7. CONTINGENT LIABILITY

Membership in PERS is required for all public employees, irrespective of the hours worked or salary earned, beginning with the first day of employment unless the employee is otherwise exempted or excluded from membership. Part time employees of the District have paid into Social Security since inception of the District. The District is liable for employee and employer contributions for these employees. However, the amount of this liability can not be determined at this time.

8. SOCIAL SECURITY SYSTEM

For 2001 and 2000, the District's part-time employees contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of the part-time employees' gross salaries through December 31, 2001.

**STERLING JOINT AMBULANCE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

9. RISK MANAGEMENT

Risk Pool Membership

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2722.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

THIS PAGE LEFT INTENTIONALLY BLANK



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Sterling Joint Ambulance District
Madison County
P.O. Box 51
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Sterling Joint Ambulance District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 30, 2002. 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* which is described in the accompanying schedule of findings as item 2001-60649-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 30, 2002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 30, 2002.

Sterling Joint Ambulance District
Madison County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

JIM PETRO
Auditor of State

April 30, 2002

**STERLING JOINT AMBULANCE DISTRICT
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER	2001-60649-001
-----------------------	-----------------------

Ohio Rev. Code Section 145.01 defines a "public employee" who is required to contribute to the Public Employees Retirement System (PERS). Sections 145.02 and 145.03 Ohio Rev. Code define employees who may be exempt from contributing to the System.

The District's part-time employees paid into Social Security. These employees were not members of PERS, as required, and were not eligible for exemption nor did they meet the criteria for exclusion from this Retirement System.

We recommend the District contact PERS and enroll its part-time employees in this Retirement System and make the required employee and employer contributions. Recovery for contributions made can only be made from Social Security for a period of three years and we recommend the District contact Social Security to obtain these contributions.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

STERLING JOINT AMBULANCE DISTRICT

MADISON 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 16, 2002**