



OHIO AUDITOR OF STATE  
**KEITH FABER**





**FIRELANDS AMBULANCE SERVICE  
HURON COUNTY**

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## 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 Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Firelands Ambulance Service, Huron County, Ohio (the District).

### ***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 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 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 such 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 2 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(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 statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements 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 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, 2020 and 2019, and the respective 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, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, 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 2.

***Emphasis of Matters***

As discussed in Note 11 to the 2020 financial statements and in Note 10 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

As discussed in Note 11 to the 2019 financial statements, the District has suffered recurring losses from operations and a cash fund balance deficiency in the Fire and Rescue, Ambulance, and EMS Services Fund of \$6,728 at December 31, 2019. Note 11 also describes management's evaluation of the events and conditions and their plan to mitigate these matters. Our opinion is unmodified regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2022 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 3, 2022

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**Firelands Ambulance Service**  
*Huron County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2020**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 138,798		\$ 138,798
Charges for Services		\$ 175,331	175,331
Intergovernmental	19,050	53,152	72,202
Earnings on Investments	338		338
Licenses, Permits and Fees		50	50
Miscellaneous	25,788	2,790	28,578
<i>Total Cash Receipts</i>	<u>183,974</u>	<u>231,323</u>	<u>415,297</u>
<b>Cash Disbursements</b>			
Current Disbursements:			
General Government	180,262	10,999	191,261
Public Safety		186,788	186,788
Debt Service:			
Principal Retirement	45,300		45,300
Interest and Fiscal Charges	3,458		3,458
<i>Total Cash Disbursements</i>	<u>229,020</u>	<u>197,787</u>	<u>426,807</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>(45,046)</u>	<u>33,536</u>	<u>(11,510)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		12,819	12,819
Transfers Out	(12,819)		(12,819)
Other Financing Sources		5,484	5,484
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(12,819)</u>	<u>18,303</u>	<u>5,484</u>
<i>Net Change in Fund Cash Balance</i>	(57,865)	51,839	(6,026)
<i>Fund Cash Balances, January 1</i>	<u>123,378</u>	<u>(6,728)</u>	<u>116,650</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 65,513</u>	<u>\$ 45,111</u>	<u>\$ 110,624</u>

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

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

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

***Public Entity Risk Pool***

The District participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

***Fund Accounting***

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Special Revenue Fund:

***Fire and Rescue, Ambulance and EMS Services Fund*** The Fire and Rescue, Ambulance and EMS Services Fund is used to account for revenues derived from ambulance and emergency medical services fees.

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Basis of Accounting***

These financial statements follow 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 District 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).

These statements include 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.

***Budgetary Process***

The Ohio Revised Code requires each fund be budgeted annually.

***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.

***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.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2020 budgetary activity appears in Note 3.

***Capital Assets***

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five 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:

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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.

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$161,545	\$183,974	\$22,429
Special Revenue	348,537	249,626	(98,911)
Total	\$510,082	\$433,600	(\$76,482)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$281,751	\$241,839	\$39,912
Special Revenue	347,705	198,929	148,776
Total	\$629,456	\$440,768	\$188,688

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 - Deposits**

To improve cash management, cash received by the District is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the District's deposit accounts are as follows:

	<u>2020</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	(\$1,520)
Other time deposits (savings accounts)	<u>112,144</u>
Total deposits	<u><u>\$110,624</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

**Note 5 - Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Note 6 - Risk Management**

***Risk Pool Membership***

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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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.

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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>( 13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

District 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. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 - Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Tax Anticipation Note	\$46,900	3.75%

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

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

Year Ending December 31:	Tax Anticipation Note
2021	\$48,659

**Note 10 - Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Special Revenue
Outstanding Encumbrances	\$ 1,142

The fund balance of Special Revenue funds is either restricted or committed.

**Note 11 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 - Contingencies**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 - Miscellaneous Receipts**

General Fund miscellaneous receipts primarily consisted of worker's compensation dividends.

**Note 14 - Change in Accounting Principle**

For 2020, the District has made changes to its cash-basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balance (regulatory cash basis).



**Firelands Ambulance Service**  
*Huron County*  
*Statement of Receipts, Disbursements, and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 133,284		\$ 133,284
Charges for Services		\$ 191,467	191,467
Intergovernmental	18,855		18,855
Earnings on Investments	1,919		1,919
Licenses, Permits and Fees		4,030	4,030
Miscellaneous	199	20	219
<i>Total Cash Receipts</i>	<u>154,257</u>	<u>195,517</u>	<u>349,774</u>
<b>Cash Disbursements</b>			
Current Disbursements:			
General Government	112,680	8,559	121,239
Public Safety		218,686	218,686
Debt Service:			
Principal Retirement	43,600		43,600
Interest and Fiscal Charges	5,093		5,093
<i>Total Cash Disbursements</i>	<u>161,373</u>	<u>227,245</u>	<u>388,618</u>
<i>Excess Disbursements Over Receipts</i>	<u>(7,116)</u>	<u>(31,728)</u>	<u>(38,844)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		25,000	25,000
Transfers Out	(25,000)		(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,000)</u>	<u>25,000</u>	
<i>Net Change in Fund Cash Balance</i>	(32,116)	(6,728)	(38,844)
<i>Fund Cash Balances, January 1</i>	<u>155,494</u>		<u>155,494</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	123,378		123,378
Unassigned (Deficit)		(6,728)	(6,728)
<i>Fund Cash Balances, December 31</i>	<u>\$ 123,378</u>	<u>\$ (6,728)</u>	<u>\$ 116,650</u>

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

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

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

***Public Entity Risk Pool***

The District participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The District's financial statements consist of a statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

***Fund Accounting***

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The District had the following significant Special Revenue Fund:

***Fire and Rescue, Ambulance and EMS Services Fund*** The Fire and Rescue, Ambulance and EMS Services Fund is used to account for revenues derived from ambulance and emergency medical services fees.

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Basis of Accounting***

These financial statements follow 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 District 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).

These statements include 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.

***Budgetary Process***

The Ohio Revised Code requires each fund be budgeted annually.

***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.

***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.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2019 budgetary activity appears in Note 3.

***Capital Assets***

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five 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:

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**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.

**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.

**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.

**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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$140,005	\$154,257	\$14,252
Special Revenue	299,230	220,517	(78,713)
Total	\$439,235	\$374,774	(\$64,461)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$228,314	\$196,501	\$31,813
Special Revenue	298,060	233,336	64,724
Total	\$526,374	\$429,837	\$96,537

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 - Deposits**

The District maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2019</u>
Demand deposits	(\$9,750)
Other time deposits (savings accounts)	<u>126,400</u>
Total deposits	<u><u>\$116,650</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 - Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Note 6 - Risk Management**

***Risk Pool Membership***

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 Statements*  
*For the Year Ended December 31, 2019*

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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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

District 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. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 - Debt**

Debt outstanding at December 31, 2019 was as follows:

**Firelands Ambulance Service**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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	Principal	Interest Rate
Tax Anticipation Note	\$92,200	3.75%

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

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

Year Ending December 31:	Tax Anticipation Note
2020	\$48,758
2021	48,659
Total	\$97,417

**Note 10 - Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 11 - Management's Plan Regarding Deficit**

For the fiscal year ended the District has a cash deficit balance in the Fire and Rescue, Ambulance and EMS Services Fund at December 31, 2019 of \$6,728. This deficit balance was due to untimely posting of fund activity. The District subsequently transferred \$12,819 from the General Fund in 2020 to cover the deficit balance. As of December 31, 2020 the Fire and Rescue, Ambulance and EMS Services Fund balance is \$45,111.

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# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

## 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 statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Firelands Ambulance Service, Huron County, Ohio, (the District) and have issued our report thereon dated January 3, 2022, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District, In addition, we noted the District has suffered recurring losses from operations and has a fund balance deficiency in the Fire and Rescue, Ambulance and EMS Services Fund at December 31, 2019.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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.

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 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.

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 2020-001 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 financial statements. 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*.

***District'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 subject the District's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 3, 2022

**FIRELANDS AMBULANCE SERVICE  
HURON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness - Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment were identified in the financial statements and notes to the financial statements:

- In 2020, Special Revenue Fund Type charges for services receipts in the amount of \$171,631 were incorrectly classified as miscellaneous receipts;
- In 2019, General Fund intergovernmental receipts in the amount of \$18,855 were incorrectly classified as property tax receipts;
- In 2019, General Fund principal retirement disbursements in the amount of \$43,600 were incorrectly classified as general government disbursements;
- In 2019, Special Revenue Fund Type charges for services receipts in the amount of \$190,539 were incorrectly classified as miscellaneous receipts;
- In 2019, Special Revenue Fund Type budgeted receipts were increased in the amount of \$299,230 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the approved budget amount; and
- In 2019, Special Revenue Fund Type actual receipts were decreased in the amount of \$78,713 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the actual amount.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$1,142 to \$10,129 that we have brought to the District's attention.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees.

**Officials' Response:**

The Clerk is posting revenue from run reimbursements into the Special Revenue Fund Type charges for services line item which will correct the problem. The Clerk is using the original certificate from the County Auditor and amendments to establish availability for expenditures. The Clerk is posting receipts accurately to coincide with estimates from the County Budget Commission. All of the above should provide for accurate financial statements.

**FIRELANDS AMBULANCE**  
**25 JAMES ST.**  
**NEW LONDON, OH 44851**  
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**419-929-1487**  
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Material weakness for errors in financial reporting initially reported as Finding 2012-001.	Not corrected and reissued as Finding 2020-001 in this report.	This matter was not corrected due to deficiencies in the District's internal controls over financial reporting. The Clerk is posting revenue from run reimbursements into the Special Revenue Fund Type charges for services line item which will correct the problem. The Clerk is using the original certificate from the County Auditor and amendments to establish availability for expenditures. The Clerk is posting receipts accurately to coincide with estimates from the County Budget Commission. All of the above should provide for accurate financial statements.
2018-002	Ohio Rev. Code § 117-2-01(A) and material weakness for the failure to maintain proper public records.	Fully corrected.	
2018-003	Ohio Rev. Code § 5705.41(D) for the failure to use the encumbrance method of accounting.	Fully corrected.	
2018-004	Ohio Rev. Code § 505.721 and material weakness for the failure to properly record ambulance and/or emergency medical services charges in a special fund.	Fully corrected.	
2018-005	Ohio Rev. Code § 5705.39 for appropriations exceeding estimated receipts.	Fully corrected.	
2018-006	Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Fully corrected.	

# OHIO AUDITOR OF STATE KEITH FABER



**FIRELANDS AMBULANCE SERVICE**

**HURON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 1/18/2022**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)