



Dave Yost • Auditor of State

**HEIGHTS AREA SPECIAL RESCUE TEAM
CUYAHOGA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Heights Area Special Rescue Team
Cuyahoga County
3400 Lee Road
Shaker Heights, Ohio 44120

To the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Heights Area Special Rescue Team, Cuyahoga County, (HASRT) as of and for the years ended December 31, 2014 and 2013.

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 HASRT'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 HASRT's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, HASRT 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 HASRT 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 HASRT as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Heights Area Special Rescue Team, Cuyahoga County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 4 to the financial statements, during 2013, HASRT adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2015, on our consideration of HASRT'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 HASRT's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

August 26, 2015

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**HEIGHTS AREA SPECIAL RESCUE TEAM
CUYAHOGA COUNTY**

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

	General Fund	
	2014	2013
Cash Receipts		
Intergovernmental	\$39,773	\$39,500
Interest Income	96	380
<i>Total Cash Receipts</i>	39,869	39,880
Cash Disbursements		
Current:		
Security of Persons and Property	54,228	174,716
<i>Total Cash Disbursements</i>	54,228	174,716
<i>Excess of Receipts Over (Under) Disbursements</i>	(14,359)	(134,836)
<i>Fund Cash Balances, January 1</i>	80,783	215,619
Fund Cash Balances, December 31		
Unassigned	66,424	80,783
<i>Fund Cash Balances, December 31</i>	\$66,424	\$80,783

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

**HEIGHTS AREA SPECIAL RESCUE TEAM
CUYAHOGA COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Heights Area Special Rescue Team, Cuyahoga County, Ohio, (HASRT) 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 governing body of HASRT is comprised of a Council of five Fire Chiefs of member cities. The Council operates in accordance with a written agreement establishing HASRT pursuant to Ohio Revised Code Section 9.60.

HASRT was established to provide mutual aid for the provision of emergency fire protection and rescue squad services and to organize, train and equip a special rescue team to conduct rescue activities requiring unusual training and/or equipment in participating communities. Annual member receipts are based on an agreed formula based on the member cities population.

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

B. Accounting Basis

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. HASRT recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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.

C. Deposits

The City of Shaker Heights is the custodian for HASRT's deposits. The City's cash and investment pool holds HASRT's deposits. Cash and investments disclosures for the City as a whole may be obtained from the City. The City of Shaker Heights' City Hall is located at 3400 Lee Road, Shaker Heights, Ohio 44020. The phone number is (216) 491-1400.

D. Fund Accounting

HASRT uses fund accounting to segregate cash and investments that are restricted as to use. HASRT classifies its fund as a General Fund, which reports all financial resources of HASRT.

**HEIGHTS AREA SPECIAL RESCUE TEAM
CUYAHOGA COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance

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

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

HASRT can *commit* amounts via formal action (resolution). HASRT must adhere to these commitments unless HASRT amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the HASRT Board or an official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

HASRT 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.

**HEIGHTS AREA SPECIAL RESCUE TEAM
CUYAHOGA COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	<u>2014</u>	<u>2013</u>
Demand deposits	<u>\$66,424</u>	<u>\$80,783</u>

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

3. Risk Management

Commercial Insurance

HASRT has obtained commercial insurance for the following risks:

- Commercial inland marine; and
- Automobile.

4. Change in Accounting Principle

For 2013, HASRT implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on HASRT's fund balance.



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

Heights Area Special Rescue Team
Cuyahoga County
3400 Lee Road
Shaker Heights, Ohio 44120

To the Board:

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 Heights Area Special Rescue Team, Cuyahoga County, (HASRT) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 26, 2015, wherein we noted HASRT followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and that HASRT implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered HASRT's internal control over financial reporting (internal control) to determine the 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 HASRT'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 HASRT'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether HASRT'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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

HASRT's Response to Finding

HASRT's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit HASRT's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of HASRT's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering HASRT's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 26, 2015

**HEIGHTS AREA SPECIAL RESCUE TEAM
CUYAHOGA COUNTY**

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

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

FINDING NUMBER 2014-001

Publicizing and Documenting Meeting Minutes – Noncompliance

The Open Meetings Act only applies to entities which meet the definition of a “public body.” Public Bodies are defined as any board, commission, committee, council, or similar decision-making body. This applies to any legislative authority or board, commission, committee, council, agency, authority, or similar decision-making body of any county, township, municipal corporation, school district, or other political subdivision or local public institution. Included in this definition are committees or subcommittees of the bodies listed above. There are several factors determining what constitutes a “public body” including:

1. The manner in which the entity was created;
2. The name or official title of the entity;
3. The membership composition of the entity;
4. Whether the entity engages in decision-making; and
5. Whom the entity advises or to whom it reports.

HASRT is a decision-making body composed of public officials ruling on the operations of an entity whose purpose is to deliver constituents government services, thereby fitting the above definition.

Ohio Rev. Code §121.22 (F) states "every public body shall, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings."

Ohio Rev. Code §121.22(C) states "all meetings of any public body (including community schools) are to be open to the public at all times." It further states "the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection."

HASRT did not publicize times, dates, or locations of any meetings in 2014 or 2013. In addition, HASRT did not document matters covered at their meetings or keep a record of minutes.

Failure to publicize meetings or keep a record of meetings is a violation of Sunshine Laws and does not fulfill HASRT's duties of transparency to the public.

The representatives of HASRT should publicize the dates, locations, and times of their meetings as well as document their meetings in the form of minutes.

Officials' Response: The HASRT Board will comply with applicable provisions of Ohio Rev. Code §121.22. All meeting dates, times, and locations will be publicized either online or by published notice. The board will document matters covered at all meetings in the form of minutes. An administrative process will be maintained to prepare minutes of regular or special meetings and make the records available for public inspection.

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HEIGHTS AREA SPECIAL RESCUE TEAM

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 8, 2015**