



**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31 2005 AND 2004



**Auditor of State
Betty Montgomery**

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

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**Auditor of State
Betty Montgomery**

Jackson-Forest Ambulance District
Hardin County
1699 Township Road 195
Forest, Ohio 45843

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 4, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Jackson-Forest Ambulance District
Hardin County
1699 Township Road 195
Forest, Ohio 45843

To the Board of Trustees:

We have audited the accompanying financial statements of the Jackson-Forest Ambulance District, Hardin County, (the "District"), as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared 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, 2005 and 2004. 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 this 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, 2005 and 2004 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, 2005 and 2004, 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 balance of the District, as of December 31, 2005 and 2004, 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, 2005 and 2004. 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 October 4, 2006, 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 did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control 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.



Betty Montgomery
Auditor of State

October 4, 2006

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL RUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

Cash Receipts:	
Property Tax Levy	\$30,638
Intergovernmental	3,881
Grant Income	883
Ambulance Runs	30,927
Interest Income	910
Miscellaneous Income	<u>1,455</u>
 Total Cash Receipts	 <u>68,694</u>
Cash Disbursements:	
Current:	
Vehicle Expense	2,088
Insurance	5,035
Radio Equipment Expense	4,166
Medical Supplies and Equipment	2,175
Office Expense and Phone	2,043
EMT Training	6,731
Salary - Clerk (net)	2,652
Salary - Squad Coordinator (net)	2,120
OPERS Employer and Employee Share	1,191
Medicare Employer and Employee Share	157
State Tax and School Tax Withholding	91
Squad Expense	9,049
Bureau of Workers Compensation	1,344
Capital Outlay - New Ambulance Purchase	64,620
Ambulance Billing Expense	2,667
Auditor Treasurer Fees	911
Debt Service - Equipment Loan	
Principal	21,427
Interest	<u>255</u>
 Total Disbursements	 <u>128,722</u>
 Total Cash Receipts (Under) Disbursements	 <u>(60,028)</u>
Other Financing Receipts	
Loan Proceeds	38,495
Sale of Fixed Assets	<u>1,500</u>
 Total Other Financing Receipts	 <u>39,995</u>
 Cash Receipts and Other Financing Receipt (Under) Cash Disbursements	 (20,033)
 Fund Cash Balance, January 1	 <u>75,280</u>
 Fund Cash Balance, December 31	 <u><u>\$55,247</u></u>

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

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash Receipts:

Property Tax Levy	\$30,137
Intergovernmental	3,836
Grant Income	26,005
Ambulance Runs	7,473
Ambulance Contracts	1,227
Interest Income	538
Miscellaneous Income	<u>4,981</u>
Total Cash Receipts	<u>74,197</u>

Cash Disbursements:

Current:

Vehicle Expense	1,799
Insurance	5,035
Radio Equipment Expense	620
Medical Supplies and Equipment	9,251
Office Expense and Phone	3,851
EMT Training	6,854
Salary - Clerk (net)	2,652
Salary - Squad Coordinator (net)	2,120
OPERS Employer and Employee share	1,191
Medicare Employer and Employee share	156
State Tax and School Tax Withholding	91
Squad Expense	4,064
Bureau of Workers Compensation	966
Auditor Treasurer Fees	913
Debt Service - Equipment Loan	
Principal	10,623
Interest	<u>950</u>
Total Disbursements	<u>51,136</u>

Total Cash Receipts Over Disbursements	23,061
Fund Cash Balance, January 1	<u>52,219</u>
Fund Cash Balance, December 31	<u><u>\$75,280</u></u>

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

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson Forest Ambulance District, Hardin County, (the "District"), as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Jackson Township, the Village of Forest, and the Village of Patterson. The District provides ambulance services within the District and by contract to areas outside the District.

The Jackson Forest Volunteer EMS Association is a not-for-profit organization. The Association is not financially accountable for the organization, nor does the District approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The accounting basis includes investments as assets. Accordingly, investment purchases are not recorded as disbursements, and investment sales are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The accounting basis values certificates of deposit at cost.

D. Fund Accounting

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

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually (except certain agency funds). The Ohio Revised Code requires that each fund be budgeted annually.

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, object level 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$46,208	\$53,933
Certificates of deposit	9,039	21,347
Total deposits	<u>\$55,247</u>	<u>\$75,280</u>

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

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,159	\$108,689	\$70,530

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,595	\$128,722	\$20,785

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,185	\$74,197	\$8,714

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$94,600	\$51,136	\$44,377

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

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.

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT

Debt Outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Commercial Loan	\$25,861	5.0%

The District borrowed money for the purchase of a new ambulance. The loan was issued July 1, 2005 in the amount of \$38,495 and has a maturity date of July 25, 2012. The District made an additional loan payment of \$12,634 during 2005.

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

Year Ending December 31	Commercial Loan
2006	\$6,624
2007	6,624
2008	6,624
2009	6,624
2010	2,575
Total	\$29,071

5. RETIREMENT SYSTEMS

The District's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of OPERS contributed 8.5 percent of their gross salaries. The District contributed an amount equaling 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

6. RISK MANAGEMENT

Commercial Insurance

The Jackson Forest Ambulance District has obtained commercial insurance for the following risks:

- General Liability and crime coverage;
- Vehicles; and
- Portable equipment and management liability



**Auditor of State
Betty Montgomery**

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

Jackson-Forest Ambulance District
Hardin County
1699 Township Road 195
Forest, Ohio 45843

To the Board of Trustees:

We have audited the financial statements of the Jackson-Forest Ambulance District, Hardin County, (the "District"), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 4, 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 through 2005-003.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the District's management dated October 4, 2006, we reported another matters involving internal control over financial reporting we did not deem reportable conditions.

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 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*. In a separate letter to the District's management dated October 4, 2006, we reported an other matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management, and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 4, 2006

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Reportable Condition

Accuracy of Annual Financial Statements

A primary purpose of financial statements is to present the reporting period financial activity of an entity. This financial information should be derived from the underlying accounting records maintained during the reporting period. The receipts reported in the 2005 and 2004 financial statements did not agree with the amounts recorded in the subsidiary accounting records (i.e. cash journal). In addition, some revenues were classified incorrectly, property tax revenue was recorded net of auditor/treasurer fees, the maturity of a certificate of deposit (CD) and subsequent purchase of a new CD was recorded a receipt and expenditure, interest income was not recorded, and some expenditures were not correctly classified. The beginning and ending balances reported in 2005 and 2004 were not correct. As a result, thirteen adjustments in 2005 and nine adjustments in 2004, in the amounts of \$135,020 and \$46,689, respectively, were made to correct the financial statements.

Errors in the financial statements and the supporting ledgers, inhibits the ability of both the Clerk and the Trustees to monitor financial activity and to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the District. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner.

Prior to making financial statements available to the public, the District should review the financial statements to help ensure that they are in agreement with the subsidiary records, and that the fund balances have correctly rolled forward from the balance presented in the last audited financial statements. The District should periodically review the financial records during the year to help assure the accuracy of recorded revenues and expenditures and that funds balances are in agreement with the reconciled bank balances.

FINDING NUMBER 2005-002

Reportable Condition

Review of Budget versus Actual Reports

To assist in the effective management of financial resources a governing body should periodically review financial reports that present budget versus actual revenues and expenditures. The District's Board did not receive budget versus actual reports during 2005 and 2004. The failure to review budget versus actual activity inhibits the Board's ability to identify negative financial trends, could result in deficit spending, or noncompliance with the budgetary requirements of the Ohio Revised Code.

The Board should periodically review and approve monthly budget versus actual reports. Evidence of the review and approval of budget versus actual reports and other reports should be documented in the minutes and/or on the reports.

FINDING NUMBER 2005-003

Reportable Condition

Monthly Bank Reconciliations

To help reduce the risk of errors and/or irregularities, bank to book reconciliations should be prepared each month and presented to the governing body for approval. The District's Fiscal Officer prepared monthly bank reconciliations but it did not appear that the bank balance was reconciled to the book balance. In addition, a total for outstanding checks was presented instead of listing the outstanding checks individually.

The failure to correctly perform bank-to-book reconciliations and to present detailed information on reconciling items, inhibits the District's ability to detect errors and/or irregularities. The District's Board should periodically review the bank reconciliations to help assure they are reconciled to the book balance and that any reconciling items are presented in detail.

OFFICIALS' RESPONSE

We did not receive responses from Officials to these findings.

**JACKSON-FOREST AMBULANCE DISTRICT
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Take; or Finding No Longer Valid; <i>Explain:</i>
2003-001	ORC Sec. 117.38 – Failure to file annual reports	No	Partially corrected – Repeated as a management letter citation.
2003-002	ORC Sec. 5705.41 (B) – Expenditures exceed appropriations	No	Significant improvement – No significant violations.



**Auditor of State
Betty Montgomery**

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JACKSON-FOREST AMBULANCE DISTRICT

HARDIN 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
NOVEMBER 9, 2006**