



Mary Taylor, CPA
Auditor of State

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT
HARDIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – General Fund - For the Year Ended December 31, 2009.....	5
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – General Fund For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	16

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Southeastern Hardin Ambulance District
Hardin County
P.O. Box 85
Mt. Victory, Ohio 43340

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 an 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 adverse 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 8, 2010

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Southeastern Hardin Ambulance District
Hardin County
P.O. Box 85
Mt. Victory, Ohio 43340

To the Board of Trustees:

We have audited the accompanying financial statements of the Southeastern Hardin Ambulance District, Hardin County (the District), as of and for the years ended December 31, 2009 and 2008. 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.

GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we 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.

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

Mary Taylor, CPA
Auditor of State

June 8, 2010

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund
Cash Receipts:	
Property Taxes	\$10,365
Intergovernmental	3,170
Charges for Services	40,825
Interest	331
Total Cash Receipts	54,691
 Cash Disbursements:	
Current:	
Ambulance Supplies	3,270
Clerk's Pay	2,275
EMT Reimbursements/Run Fees	10,591
Insurance	6,671
Licenses	150
New Equipment	841
Postage	54
Professional	5,695
Rent	1,500
Repair and Maintenance	7,390
Training	1,495
Phone	681
Miscellaneous	567
Total Cash Disbursements	41,180
 Total Receipts Over Disbursements	 13,511
 Fund Cash Balance, January 1	 18,493
 Fund Cash Balance, December 31	 \$32,004

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

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General Fund
Cash Receipts:	
Property Taxes	\$11,921
Intergovernmental	10,287
Charges for Services	30,396
Interest	384
Total Cash Receipts	52,988
 Cash Disbursements:	
Current:	
Ambulance Supplies	12,926
Clerk's Pay	2,100
EMT Reimbursements/Run Fees	15,982
Insurance	4,904
Licenses	419
Postage	118
Professional	6,628
Rent	1,500
Repair and Maintenance	4,861
Training	10
Miscellaneous	124
Total Cash Disbursements	49,572
 Total Receipts Over Disbursements	 3,416
 Fund Cash Balance, January 1	 15,077
 Fund Cash Balance, December 31	 \$18,493

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

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Southeastern Hardin Ambulance District, Hardin County (the District), as a body corporate and politic. The District is directed by an appointed four-member Board of Trustees. The Board of Trustees is appointed by the governing bodies of the Villages and Townships within Hardin County who receive ambulance services from the District. The District provides ambulance service for the Villages of Mt. Victory and Ridgeway and the Townships of Hale and Taylor Creek.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The District 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 classifies its fund into the following type:

1. 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 that each fund be budgeted annually.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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. 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 re-appropriated in the subsequent year. The District did not use the encumbrance method of accounting.

A summary of 2009 and 2008 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. EQUITY IN DEPOSITS

The District maintains all money in deposits. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2009	2008
Demand deposits	\$22,002	\$8,492
Certificates of deposit	10,000	10,000
Total deposits	\$32,002	\$18,492

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,693	\$54,691	\$1,998

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,124	\$41,180	(\$2,056)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$52,988	\$52,988

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$49,572	(\$49,572)

In 2008, the District failed to adopt appropriations which violated Ohio Rev. Code Section 5705.38(A). During 2008 and 2009, the District had expenditures greater than appropriations which violated the requirements of Ohio Rev. Code Section 5705.41(B).

4. PROPERTY TAX

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 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.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

Southeastern Hardin Ambulance District
Hardin County
P.O. Box 85
Mt. Victory, Ohio 43340

To the Board of Trustees:

We have audited the financial statements of the Southeastern Hardin Ambulance District, Hardin County, (the District) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated June 8, 2010, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings 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 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-002 and 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 8, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 8, 2010

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

Preparing Accounting Records and Financial Statements

The annual financial statements of the District should be presented in a manner that is consistent with the presentation used by governmental entities. In addition, the financial statements should be accurate, properly classified, and complete. The District's annual financial statements did not include the beginning 2009 and 2008 General Fund balances, in the amount of \$18,493 and \$15,007, respectively, or the ending 2009 and 2008 General Fund balances in the amount of \$32,004 and \$18,493, respectively. In 2009, the District's accounting records and financial statement had classification errors in the amount of \$4,416 as a result of classifying property tax revenue as intergovernmental revenue. In 2008, property tax revenue in the amount of \$11,205 were classified as intergovernmental revenue. Also in 2008, \$7,414 of grant expenditures were recorded as a reduction to intergovernmental revenue.

The accompanying financial statements have been adjusted to properly reflect the financial activity and balances of the District.

The failure to prepare financial statements that are consistent with the presentation used by governmental entities, are accurate, classified correctly, and complete, not only inhibits the user's ability to fully understand the results of operations but may also result in material financial statement reporting errors.

The District should utilize governmental accounting resources such as those provided on the Auditor of State website when preparing annual financial statements. In addition, a review should be performed of the financial statements and supporting records to help assure they are accurate, properly classified, and complete.

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) states, in part, that on or about the first day of each fiscal year, an appropriation measure is to be passed. The District failed to adopt an appropriations resolution for 2008. **Ohio Rev. Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated. Since the District's Board did not adopt an appropriations resolution in 2008, all expenditures, in the amount of \$49,572, exceeded appropriations. In 2009, the District adopted appropriations, however total actual disbursements exceeded appropriations by \$2,056. Additionally, at fund-function level (the legal level of control), the following fund-functions had actual expenditures exceeding appropriations:

**FINDING NUMBER 2007-002
 (Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Ambulance Supplies	\$2,601	\$3,270	(\$669)
Clerk's Pay	1,925	2,275	(350)
Insurance	4,784	6,671	(1,887)
Professional	3,286	5,695	(2,409)
Repair and Maintenance	3,642	7,390	(3,748)
Training	197	1,495	(1,298)
Phone		681	(681)

The failure to adopt appropriations or to maintain expenditures within the current level of appropriations increases the risk of deficit spending by the District.

The District should review the Ohio Compliance Supplement and then develop a check list that indicates the required filing dates for budgetary documents. This checklist should then be utilized to help provide for timely approval and filing of budgetary documents.

FINDING NUMBER 2007-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision shall make any contract or give any ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the subdivision can authorize the drawing of a warrant for the payment of the amount due. The subdivision has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the subdivision.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the end of the year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**FINDING NUMBER 2007-003
(Continued)**

3. **Super Blanket certificate** – The subdivision may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The District did not certify the availability of funds for 100% of the expenditures in 2009 and 2008. Failure to properly certify the availability of funds may result in the District incurring obligations in excess of appropriations and possibly available resources. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, District's Clerk should certify that the funds are or will be available prior to the obligation by the District. When prior certification is not possible, "then and now" certification should be used.

Officials' Response:

We did not receive a response from officials to the findings reported above.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Determination of Employee vs. Independent Contractor	No	Repeated in separate letter to management.
2007-002	Availability of Organizational Documents	No	Repeated in separate letter to management.
2007-003	Review of Budget vs. Actual Reports	No	Repeated in separate letter to management.
2007-004	Format of annual report	No	Repeated as Finding 2009-001
2007-005	Ohio Rev. Code Section 5705.34 – Acceptance of the rates & levies	Partial	No evidence of acceptance in 2008 but performed in 2009; repeated in the management letter for 2008
2007-006	Ohio Rev. Code Section 5705.36(A)(1) – Certifying ending fund balances	No	Repeated in separate letter to management.
2007-007	Ohio Rev. Code Section 5705.38(A) – Passage of appropriations resolution / ORC 5705.41(B) – Monies cannot be expended unless they are appropriated	Partial	Repeated as Finding 2009-002 An appropriation resolution was passed for 2009; however, there were expenditure accounts in 2009 with actual expenditures exceeding appropriations
2007-008	Ohio Rev. Code Section 5705.41(D) – Prior certification of obligations	No	Repeated as Finding 2009-003



Mary Taylor, CPA
Auditor of State

SOUTHEASTERN HARDIN 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
AUGUST 10, 2010**