



Mary Taylor, CPA
Auditor of State

**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE COUNTY**

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Mary Taylor, CPA
Auditor of State

North Central Ambulance District
Preble County
130 East Main Cross Street
Eldorado, Ohio 45321

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

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Auditor of State

April 14, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

North Central Ambulance District
Preble County
130 East Main Cross Street
Eldorado, Ohio 45321

To the Board of Trustees:

We have audited the accompanying financial statements of North Central Ambulance District, Preble County, Ohio (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.

The accompanying financial statements for the year ended December 31, 2008, present unclassified receipts and disbursements. Ohio Administrative Code, Section 117-2-02(A), requires governments to classify receipt and disbursement transactions.

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.

Instead of the combined funds the accompanying financial statements present, 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 Districts 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, except for the omission of certain receipt and disbursement classifications for the year ended December 31, 2008, the financial statements referred to above present fairly, in all material respects, the fund cash balances of North Central Ambulance District, Preble County, as of December 31, 2009 and 2008, and its unclassified cash receipts and disbursements for the year ended December 31, 2008, and its classified cash receipts and disbursements for the year ended December 31, 2009, 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 April 14, 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

April 14, 2010

**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE COUNTY**

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

| | |
|--|--------------------------------|
| Cash Receipts: | |
| Property and Other Local Taxes | \$57,721 |
| Charges for Services | 80,922 |
| Intergovernmental | 15,637 |
| Earnings on Investments | 1,007 |
| Donations | 4,590 |
| Miscellaneous | 1,006 |
| | <hr/> |
| Total Cash Receipts | 160,883 |
| | |
| Cash Disbursements: | |
| Current Disbursements: | |
| Security of Persons and Property: | |
| Salaries | 7,201 |
| Payroll Taxes | 16,353 |
| Insurance | 1,238 |
| Materials and Supplies | 2,827 |
| Equipment | 9,051 |
| Maintenance | 1,877 |
| Education | 2,398 |
| Squad Runs | 30,405 |
| Fuel | 2,636 |
| Other | 27,334 |
| | <hr/> |
| Total Cash Disbursements | 101,320 |
| | <hr/> |
| Total Receipts Over Disbursements | 59,563 |
| | <hr/> |
| Fund Cash Balances, January 1 | 137,068 |
| | <hr/> |
| Fund Cash Balances, December 31 | <u><u>\$196,631</u></u> |

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

**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE COUNTY**

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

| | |
|--|--------------------------------|
| Cash Receipts: | |
| Unclassified | <u>\$128,725</u> |
| Total Cash Receipts | <u>128,725</u> |
| Cash Disbursements: | |
| Unclassified | <u>99,665</u> |
| Total Cash Disbursements | <u>99,665</u> |
| Total Receipts Over Disbursements | <u>29,060</u> |
| Fund Cash Balances, January 1 | <u>108,008</u> |
| Fund Cash Balances, December 31 | <u><u>\$137,068</u></u> |

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

**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE 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 North Central Ambulance District, Preble County, Ohio (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 the Village of West Manchester, the Village of Eldorado, and Monroe Township. The District provides ambulance services within the District and by mutual aid agreement to areas outside the District.

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. Cash and Deposits

The District values certificates of deposit at cost.

D. Fund Accounting

The District reports all financial activity in the General Fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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.

**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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. The District did not encumber all commitments required by Ohio law. A review was performed to determine the amount of encumbrances at year-end which were not encumbered. There were no material outstanding encumbrances at year-end.

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.

G. 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.

2. Equity in Pooled Cash and Deposits

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

| | <u>2009</u> | <u>2008</u> |
|-------------------------|------------------|------------------|
| Demand deposits | \$187,578 | \$128,068 |
| Certificates of deposit | 9,053 | 9,000 |
| Total deposits | <u>\$196,631</u> | <u>\$137,068</u> |

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

Deposits were not insured or collateralized, contrary to Ohio law. The District's checking account balance exceeded FDIC coverage of \$100,000 on the following dates: January 1, 2008 to January 4, 2008; February 14, 2008 to February 22, 2008; and April 5, 2008 to July 25, 2008. The largest overage was on April 5, 2008 [balance of \$126,091; overage of \$26,091].

**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE COUNTY**

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

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 | \$122,970 | \$160,883 | \$37,913 |

| 2009 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$194,500 | \$101,320 | \$93,180 |

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$95,380 | \$128,725 | \$33,345 |

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$194,500 | \$99,665 | \$94,835 |

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.

**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE COUNTY**

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

5. Retirement Systems

The District's 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. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

6. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

7. Compliance

Contrary to Ohio Administrative Code Section 117-2-02(A) the District did not maintain proper accounting records for the year ended December 31, 2008. The accompanying financial statements for the year ended December 31, 2008, present unclassified receipts and disbursements.

Contrary to Ohio Administrative Code Section 117-2-02(C)(1) the District did not properly integrate its budgetary accounts into the financial accounting system.



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*

North Central Ambulance District
Preble County
130 East Main Cross Street
Eldorado, Ohio 45321

To the Board of Trustees:

We have audited the financial statements of the North Central Ambulance District, Preble County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 14, 2010, which was qualified since the District did not classify certain receipts and disbursements for the year ended December 31, 2008. We also 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 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 District'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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

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 findings 2009-003 and 2009-006 described in the accompanying schedule of findings to be material weaknesses.

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. We consider findings 2009-002, 2009-004 and 2009-005 described in the accompanying schedule of findings to be significant deficiencies.

We noted certain matters that we reported to the District's management in a separate letter dated April 14, 2010.

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 2009-001 through 2009-003 and 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 14, 2010.

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



Mary Taylor, CPA
Auditor of State

April 14, 2010

**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE 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

Noncompliance

Ohio Revised Code, § 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or 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 any such contract or expenditure 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.

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 District can authorize the drawing of a warrant for the payment of the amount due. The District 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 District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal 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.
3. Super Blanket Certificate – The District 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 line item appropriation.

FINDING NUMBER 2009-001
(Continued)

Of 30 expenditures tested, 6 in 2008 (40%) and 11 in 2009 (73%) were not properly encumbered. We could not determine if one additional expenditure from 2008 was properly encumbered because the invoice was not dated. Neither of the above exceptions were utilized. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. All invoices should be dated.

FINDING NUMBER 2009-002

Significant Deficiency & Noncompliance

Ohio Revised Code, § 135.18, provides that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities. The District did not adequately collateralize their funds at certain times during 2008. The District's checking account balance exceeded FDIC coverage of \$100,000 on the following dates: January 1, 2008 to January 4, 2008; February 14, 2008 to February 22, 2008; and April 5, 2008 to July 25, 2008. The largest overage was on April 5, 2008 [balance of \$126,091; overage of \$26,091]. In order to fall under the \$100,000 FDIC coverage, the District transferred \$90,000 from the checking account at United Midwest Savings Bank to a separate bank on July 28, 2008. Subsequent to that transfer the District's bank balances remained under the FDIC threshold. Failure to secure adequate collateral could result in a loss of assets by the District. We recommend the District secure adequate collateral to cover its deposits. The District should obtain a depository agreement with the bank.

Further, **Ohio Revised Code, § 135.12(B)**, provides that each governing board other than the state board of deposit shall meet every five years on the third Monday or such regularly scheduled meeting date of the month preceding the date of the expiration of its designation of depositories for the purpose of designating the public depositories of the public moneys of the subdivision, and at such meeting or any adjourned session thereof, shall designate such public depositories and award the public moneys of the subdivision to and among the public depositories so designated for the period of five years commencing on the date of the expiration of the next preceding designation. The District did not designate a depository during the audit period nor execute any depository agreements. A depository agreement should include a requirement that a pledge of collateral: (1) be in writing, (2) be executed contemporaneously with the acquisition of the asset by the depository institution, (3) be approved by the financial institution's board of directors or loan committee and the approval must be reflected in the minutes of the financial institution's board or committee, and (4) be an official record of the depository institution continuously since it was executed. Requirements (1) through (4) are necessary under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), to assure the pledge would be valid in the event of a claim under FDIC.

**FINDING NUMBER 2009-002
 (Continued)**

Entities not having a depository agreement with a depository could risk public funds not being covered by collateral if the depository ceases to exist. We recommend that the District approve the official designation of a depository.

FINDING NUMBER 2009-003

Material Weakness & Noncompliance

Ohio Admin. Code, § 117-2-02(A), requires that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The District lacks management oversight in the posting of financial activity. This lack of oversight is illustrated by the following:

- The accompanying financial statements for the year ended December 31, 2008, present unclassified receipts and disbursements.
- The total receipts and total expenditures on the annual financial report did not match the total receipts and expenditures per the cash journal [receipts per the annual financial report--\$127,132; receipts per the cash journal--\$128,725; expenditures per the annual financial report--\$187,967; expenditures per the cash journal--\$99,566]. Furthermore, the total expenditures listed at the top of the annual financial report [\$187,976] did not equal the total line item expenditures documented on the lower half of the annual financial report [\$96,827].
- The District did not document any beginning or ending cash balances on the 2009 annual financial report. The receipts and expenditures documented on the annual report matched the receipts and expenditures in the receipts journal and appropriation journal. However, the receipts journal and appropriation journal contained errors. The Fiscal Officer failed to properly post receipts to the receipts journal [refunds for \$1,006 and a donation for \$50] and expenditures to the appropriations journal [net errors of \$856]. The accompanying financial statements for 2009 include adjustments for these items.
- For both 2008 and 2009 the receipts per the receipts journal did not match the receipts per the cash journal. Also, the expenditures per the appropriation journal did not match the expenditures per the cash journal. We could not verify any line item totals for receipts or expenditures in 2008. Therefore, we are presenting the accompanying financial statements for 2008 as unclassified.

| | Cash Journal | Receipts/Appropriation Journal | Variance |
|---------------------|---------------------|---------------------------------------|-----------------|
| Receipts – 2008 | \$128,725 | \$134,023 | \$5,298 |
| Expenditures – 2008 | 99,566 | 96,827 | (2,739) |
| Receipts – 2009 | 159,490 | 158,434 | (1,056) |
| Expenditures - 2009 | 99,927 | 99,071 | (856) |

Monitoring controls should be put into place to help assure that the work performed meets District objectives and is accurate. The following procedures should be implemented:

**FINDING NUMBER 2009-003
 (Continued)**

Due care be taken in posting activity to the receipt/appropriation journals and cash journal. Total receipts per the receipt journal and total expenditures per the appropriation journal should match the total receipts and expenditures as posted to the cash journal. Completing a monthly reconciliation of activity posted would aid in detecting posting errors.

Due care should be taken in completing the annual financial reports. The receipts and expenditures as reported on the annual financial reports should match the activity posted to the cash journal and receipt/appropriation journals. The District should adopt policies/procedures for the review of activity posted to the accounting records and reported on the annual financial reports.

FINDING NUMBER 2009-004

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should ensure that accounting records are properly designed and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The following weaknesses were noted:

The District completed monthly bank reconciliations. However, the District documented incorrect reconciling items at both December 31, 2008 and December 31, 2009. The District documented \$3,197 of receipts as double posted in September 2008. This amount is incorrect. The District actually double posted \$2,035 of receipts in June 2008. This error was not detected by the District. The District did not complete accurate monthly bank reconciliations from June 2008 through December 2009. Failure to complete accurate monthly bank reconciliations could result in the misappropriation of funds.

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. District officials rely on accurate reconciliations to make sound financial decisions. We recommend that the District document correct reconciling items on the monthly bank reconciliations.

FINDING NUMBER 2009-005

Significant Deficiency & Noncompliance

Ohio Admin. Code, § 117-2-02(C)(1), states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system.

Estimated receipt amounts posted by the District to the receipts ledger for 2008 and 2009 did not match the estimated receipt amounts on the certificate of estimated resources.

| | 2008 | 2009 |
|---|-------------|-------------|
| Estimated receipts per receipts journal | \$122,970 | \$117,770 |
| Estimated receipts per certificate of estimated resources | 95,381 | 122,970 |
| Variance | 27,589 | (5,200) |

Failure to properly post estimated receipts to the receipts ledger may interfere with the District's ability to monitor revenues, and to limit their spending within the limits of their expected revenue. We recommend that the District properly post estimated resources to the receipts ledger.

FINDING NUMBER 2009-006

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The District lacks management oversight in the posting of financial activity. This lack of oversight is illustrated by the following:

- In 2009 the District posted public utility reimbursements and homestead/rollback receipts (\$1,224) to Taxes instead of Intergovernmental.
- In 2009 the District posted a state grant (\$7,000) to Miscellaneous instead of Intergovernmental.
- In 2009 the District posted applicable County Auditor tax settlement receipts at net, rather than gross (\$1,393).
- In 2009 the District incorrectly posted a homestead/rollback receipt (\$3,728). Rather than posting a receipt to Intergovernmental, the District posted adjustments to the cash journal which in total equaled the amount of the homestead/rollback receipt.

Adjustments have been posted to the accompanying financial statements. Failure to properly post revenues can result in inaccurate records and cause the District to misappropriate funds. To improve accountability and record keeping, we recommend that the District properly post all county and state revenue receipts to the correct line items. The District should post applicable receipts at gross, not net. The District should review receipts posted to the ledgers for accuracy. Comparisons between years may aid in the determination if the District has properly posted a receipt.

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

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**NORTH CENTRAL AMBULANCE DISTRICT
PREBLE 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> |
|------------------|---|------------------|--|
| Finding 2007-001 | Ohio Rev. Code § 5705.41(D), failure to properly certify funds | No | Not corrected – Re-issued as Finding 2009-001 |
| Finding 2007-002 | Ohio Rev. Code § 135.18 and 135.12, failure to properly collateralize deposits and designate a depository | No | Not corrected – Re-issued as Finding 2009-002 |
| Finding 2007-003 | Failure to properly post financial activity | No | Not corrected – Re-issued as Finding 2009-003 |
| Finding 2007-004 | Failure to properly complete monthly bank reconciliations | No | Not corrected – Re-issued as Finding 2009-004 |
| Finding 2007-005 | Failure to properly monitor ambulance service billing | No | Partially corrected – Re-issued as management letter recommendation |
| Finding 2007-006 | Failure to properly post estimated receipts to the receipts ledger | No | Not corrected – Re-issued as Finding 2009-005 |



Mary Taylor, CPA
Auditor of State

NORTH CENTRAL AMBULANCE DISTRICT

PREBLE 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
MAY 6, 2010**