

***SOUTHEASTERN HARDIN AMBULANCE DISTRICT***

**HARDIN COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2011 and 2010**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Board of Trustees  
Southeastern Hardin Ambulance District  
P.O.Box 85  
Mount Victory, Ohio 43340

We have reviewed the *Report of Independent Accountants* of the Southeastern Hardin Ambulance District, Hardin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Southeastern Hardin Ambulance District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 28, 2012

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**SOUTHEASTERN HARDIN AMBULANCE DISTRICT**  
**HARDIN COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2011 and 2010**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

**To the Board of Trustees:**

**We have audited the accompanying financial statements of the Southeastern Hardin Ambulance District, Hardin County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 Southeastern Hardin Ambulance 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.**

**While the Southeastern Hardin Ambulance 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 the District 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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Southeastern Hardin Ambulance District as of December 31, 2011 and 2010, 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 as of December 31, 2011 and 2010 of the Southeastern Hardin Ambulance District, Hardin County, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Southeastern Hardin Ambulance District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2012, on our consideration of the Southeastern Hardin Ambulance 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.

*Charles E. Harris*

**Charles E. Harris & Associates, Inc.**

August 28, 2012



**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Cash Receipts:**

<b>Property Taxes</b>	<b>\$</b>	<b>11,631</b>
<b>Intergovernmental</b>		<b>2,184</b>
<b>Charges for Services</b>		<b>19,310</b>
<b>Interest</b>		<b>301</b>
<b>Miscellaneous</b>		<b>44</b>
		<b>33,470</b>
<b>Total Cash Receipts</b>		<b>33,470</b>

**Cash Disbursements:**

		<b>286</b>
<b>Ambulance Supplies</b>		<b>3,646</b>
<b>Clerk's Pay</b>		<b>2,700</b>
<b>EMT Reimbursements/Run Fees</b>		<b>11,951</b>
<b>Insurance</b>		<b>5,602</b>
<b>Licenses</b>		<b>300</b>
<b>New Equipment</b>		<b>2,780</b>
<b>Postage</b>		<b>100</b>
<b>Professional</b>		<b>2,071</b>
<b>Rent</b>		<b>1,500</b>
<b>Repair and Maintenance</b>		<b>7,537</b>
<b>Phone</b>		<b>1,012</b>
<b>Miscellaneous</b>		<b>1,090</b>
		<b>40,575</b>
<b>Total Cash Disbursements</b>		<b>40,575</b>

<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>		<b>(7,105)</b>
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<b>Fund Cash Balance January 1, 2011</b>		<b>46,630</b>
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<b>Fund Cash Balance: Unassigned</b>		<b>39,525</b>
		<b>39,525</b>

<b>Fund Cash Balance December 31, 2011</b>	<b>\$</b>	<b>39,525</b>
		<b>39,525</b>

**See accompanying Notes to the Financial Statements**

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**Cash Receipts:**

Property Taxes	\$ 11,953
Intergovernmental	11,050
Charges for Services	46,277
Interest	336
Miscellaneous	510
	<hr/>
Total Cash Receipts	70,126

**Cash Disbursements:**

Tax Collection Fees	312
Ambulance Supplies	3,370
Clerk's Pay	2,100
EMT Reimbursements/Run Fees	16,682
Insurance	5,617
Licenses	100
New Equipment	2,742
Postage	78
Professional	6,072
Rent	1,500
Repair and Maintenance	6,853
Training	2,178
Phone	919
Miscellaneous	6,977
	<hr/>
Total Cash Disbursements	55,500

Excess of Cash Receipts Over/(Under) Cash Disbursements	14,626
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Fund Cash Balance January 1, 2010	<hr/> 32,004
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Fund Cash Balance December 31, 2010	<hr/> <hr/> \$ 46,630
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See accompanying Notes to the Financial Statements

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**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 Mount 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. BASIS OF ACCOUNTING**

The Southeastern Hardin Ambulance District prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. CASH**

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.

**D. FUND ACCOUNTING**

The District maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restriction associated with each class of funds is as follows:

**Governmental Fund Type:**

**General Fund:** The general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in a specific fund.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. BUDGETARY PROCESS**

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the District Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**1. Estimated Resources**

The county auditor calculates the estimated revenues available to the District. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the District. The certificate is approved by the county budget commission and sent to the District Fiscal Officer by September 1.

Prior to December 31, the District must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2011 and 2010. However, those fund balances are available for appropriation.

**2. Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**3. Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

F. **PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. **FUND BALANCE**

For December 31, 2011, fund balance is divided into classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

The District 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**

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

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 District Trustees or a District 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.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**2. CASH AND CASH EQUIVALENTS**

The District maintains a cash and investment pool used by general fund. The Ohio Revised Code prescribed allowable deposits and investments. The carrying amount of cash at December 31, 2011 and 2010 follows:

	2011	2010
Demand Deposits	\$ 17,954	\$ 34,552
Savings Accounts	1,571	2,078
Total Deposits	19,525	36,630
Investments:		
Certificates of Deposit	20,000	10,000
Total Investments	20,000	10,000
Total Deposits and Investments	\$ 39,525	\$ 46,630

**Deposits:** Deposits are either: (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the District or (3) collateralized by the financial institution's public entity deposit pool.

**3. PROPERTY TAX**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Hardin County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 2010. The next revaluation is scheduled for 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010

3. PROPERTY TAX - (continued)

Taxes collected from tangible personal property (other than public utility) received during calendar year 2011 represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied April 1, 2010 on the values listed as of December 31, 2010. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Hardin County Treasurer collects property taxes on behalf of the District. The Hardin County Auditor remits the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and 2010 is as follows:

<u>Fund Type</u>	<u>2011 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$33,470	\$33,470

<u>Fund Type</u>	<u>2011 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	Total Appropriations	Budgetary Disbursements	Variance
General	\$48,335	\$40,575	\$7,760

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$70,126	\$70,126

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	Total Appropriations	Budgetary Disbursements	Variance
General	\$42,721	\$55,500	(\$12,779)

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**5. RISK MANAGEMENT**

The District belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Council consists of 11 members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through 14 appointed independent agents in the State of Ohio. These coverage programs, referred to as the Ohio Plan Risk Management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform, underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The District participates in this coverage.

The Plan formed the Ohio Plan Healthcare consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political subdivisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through 17 appointed independent agents in the State of Ohio. Coverage premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductible, co-insurance level, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The District did not participate in this coverage.

Plan Members are responsible to notify the Plan of their intent to renew coverages by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.



**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**5. RISK MANAGEMENT - (continued)**

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available), and include amounts both OPRM and OPHC:

	2010	
	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131
Liabilities	(4,845,056)	(1,055,096)
Members' Equity	\$ 7,191,485	\$ 300,035

	2009	
	OPRM	OPHC
Assets	\$ 11,176,186	\$ 1,358,802
Liabilities	(4,852,485)	(1,253,617)
Members' Equity	\$ 6,323,701	\$ 105,185

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

**6. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41 (B), the District had expenditures plus encumbrances exceeding appropriations.

Contrary to Ohio Revised Code Section 5705.36, the District did not certify available resources, which caused appropriations to exceed estimated resources.

Contrary to Ohio Revised Code Section 5705.41 (D), the District did not always certify funds.

**7. SUBSEQUENT EVENTS/PENDING LITIGATION**

Management believes there are no pending claims or lawsuits.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**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  
Mount Victory, Ohio 43340

To the Board of Trustees:

We have audited the financial statements of the Southeastern Hardin Ambulance District, Hardin County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 28, 2012, 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. Also, for 2011, we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls 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 opinions 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 a certain deficiency in internal control over financial reporting that we consider to be 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 2011-SHAD-01 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 2011-SHAD-02 through 2011-SHAD-04.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We also noted certain matters that we have reported to management of the District in a separate letter dated August 28, 2012.

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



**Charles E. Harris and Associates, Inc.**

August 28, 2012

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2011 and 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-SHAD-01 Material Weakness**

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 2011 and 2010 General Fund balances, in the amount of \$32,004 and \$46,630, respectively, or the ending 2011 and 2010 General Fund balances in the amount of \$46,630 and \$39,525, respectively. The District's accounting records and financial statements had classification errors in the amount of \$1,144 and \$7,169, respectively as a result of classifying property tax revenue as intergovernmental revenue and not recording tax collection fees.

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.

**Management Response:** The Fiscal Officer will make sure beginning and ending balances are included.

**FINDING NUMBER 2011-SHAD-02 Non-Compliance Citation**

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a 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 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 Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2011 and 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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**FINDING NUMBER 2011-SHAD-02 Non-Compliance Citation (continued)**

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution 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 Certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount 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 Certificates – The District may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession 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.

The District did not make the proper certification of funds for 100% of disbursements tested. 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 state 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, the 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.

**Management Response:** The Board of Trustees uses vouchers for all expenditures.

**FINDING NUMBER 2011-SHAD-03 Non-Compliance Citation**

Ohio Rev. Code Section 5705.36(A)(1) states, in part, that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources which is available for expenditure from each fund in the tax budget along with any balances that existed at the end of the preceding year and the official certificate of estimated resources. The District failed to submit this certification for 2010 and 2011.

The failure to complete and file this certification in a timely manner inhibits the county auditor from completing other required budgetary forms which are necessary for the District to adopt its annual appropriations resolutions and caused appropriations to exceed estimated resources, contrary to Ohio Revised Code Section 5705.39 in the General Fund for both years.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2011 and 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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**FINDING NUMBER 2011-SHAD-03 Non-Compliance Citation (continued)**

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

**Management Response:** The District will obtain certificates of estimated resources.

**FINDING NUMBER 2011-SHAD-04 Non-Compliance Citation**

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated and unless it has been appropriated as provided in such chapter.

At December 31, 2010, the following General Fund's expenditures of \$42,721 exceeded the total appropriations of \$55,500.

**Management's Response:** The budget will be reviewed throughout the year.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY, OHIO  
For the Years Ended December 31, 2011 and 2010**

**Schedule of Prior Audit Findings**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2009-001	Preparing Accounting Records and Financial Statements	No	Repeated as 2011-SHAD-01
2009-002	Ohio Rev. Code Section 5705.38(A) and Ohio Rev. Code Section 5705.41(B) – The District failed to pass an appropriations measure.	Yes	No Longer Valid
2009-003	Ohio Revised Code Section 5705.41 (D)- Expenditures were not properly certified.	No	Repeated as 2011-SHAD-02

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# Dave Yost • 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  
DECEMBER 11, 2012**