



Dave Yost • Auditor of State

**NORTHWEST FIRE AND AMBULANCE DISTRICT
PREBLE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Northwest Fire and Ambulance District
Preble County
135 North Washington Street
P.O. Box 66
New Paris, Ohio 45347

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Northwest Fire and Ambulance District, Preble County, Ohio, (the District) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Northwest Fire and Ambulance District, Preble County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 14, 2017

**NORTHWEST FIRE & AMBULANCE DISTRICT
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$165,563		\$165,563
Charges for Services	42,886	\$98,622	141,508
Intergovernmental	24,734	16,235	40,969
Earnings on Investments	391	0	391
Miscellaneous	2,987	0	2,987
	<u>236,561</u>	<u>114,857</u>	<u>351,418</u>
 Cash Disbursements:			
Current Disbursements:			
Public Safety	54,444	179,128	233,572
General Government	143,899	10,000	153,899
	<u>198,343</u>	<u>189,128</u>	<u>387,471</u>
<i>Total Cash Disbursements</i>	<u>198,343</u>	<u>189,128</u>	<u>387,471</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>38,218</u>	<u>(74,271)</u>	<u>(36,053)</u>
<i>Fund Cash Balances, January 1</i>	<u>311,278</u>	<u>20,365</u>	<u>331,643</u>
 Fund Cash Balances, December 31			
Unassigned (Deficit)	<u>349,496</u>	<u>(53,906)</u>	<u>295,590</u>
<i>Fund Cash Balances, December 31</i>	<u>\$349,496</u>	<u>(\$53,906)</u>	<u>\$295,590</u>

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

**NORTHWEST FIRE & AMBULANCE DISTRICT
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$162,887		\$162,887
Charges for Services	36,088	\$99,952	136,040
Intergovernmental	28,031	2,437	30,468
Earnings on Investments	293	0	293
Miscellaneous	31,034	0	31,034
<i>Total Cash Receipts</i>	<u>258,333</u>	<u>102,389</u>	<u>360,722</u>
Cash Disbursements:			
Current Disbursements:			
Public Safety	50,723	153,671	204,394
General Government	146,863	0	146,863
Capital Outlay	159,059	0	159,059
<i>Total Cash Disbursements</i>	<u>356,645</u>	<u>153,671</u>	<u>510,316</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>(98,312)</u>	<u>(51,282)</u>	<u>(149,594)</u>
<i>Fund Cash Balances, January 1</i>	<u>409,590</u>	<u>71,647</u>	<u>481,237</u>
Fund Cash Balances, December 31			
Restricted	-	20,365	20,365
Unassigned (Deficit)	311,278	-	311,278
<i>Fund Cash Balances, December 31</i>	<u><u>\$311,278</u></u>	<u><u>\$20,365</u></u>	<u><u>\$331,643</u></u>

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

**NORTHWEST FIRE AND AMBULANCE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 Northwest Fire and Ambulance District, Preble County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. The District provides fire protection and rescue services within the District and by contract 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Cash and Investments

The District only maintains checking and savings accounts.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

MCA Fund – This fund is used to account for fees received from the District's billing company, Managed Care of America, for emergency medical services and related expenditures.

**NORTHWEST FIRE AND AMBULANCE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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 object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five 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.

**NORTHWEST FIRE AND AMBULANCE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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.

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.

G. 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 POOLED DEPOSITS

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

	2015	2014
Demand deposits	\$295,590	\$331,643

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 as follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,074	\$236,561	\$77,487
Special Revenue	116,250	114,857	(1,393)
Total	\$275,324	\$351,418	\$76,094

**NORTHWEST FIRE AND AMBULANCE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$132,017	\$198,343	(\$66,326)
Special Revenue	284,216	189,128	95,088
Total	<u>\$416,233</u>	<u>\$387,471</u>	<u>\$28,762</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$237,200	\$258,333	\$21,133
Special Revenue	117,800	102,389	(15,411)
Total	<u>\$355,000</u>	<u>\$360,722</u>	<u>\$5,722</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,090	\$356,645	(\$217,555)
Special Revenue	473,910	153,671	320,239
Total	<u>\$613,000</u>	<u>\$510,316</u>	<u>\$102,684</u>

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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

5. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

The District's full-time 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 2015 and 2014, OPERS participants 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, 2015.

**NORTHWEST FIRE AND AMBULANCE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the OPERS have an option to choose Social Security. Most of the District's part-time firefighters have elected Social Security. The employees' liability is 6.2% of wages paid.

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. SUBSEQUENT EVENTS

The District obtained a bank loan in March 2016 in the amount of \$47,104 to purchase a defibrillator.

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

Northwest Fire and Ambulance District
Preble County
135 North Washington Street
P.O. Box 66
New Paris, Ohio 45347

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Northwest Fire and Ambulance District, Preble County, Ohio, (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2017 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 through 2015-003 to be material weaknesses.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-004 through 2015-006.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

March 14, 2017

**NORTHWEST FIRE AND AMBULANCE DISTRICT
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness – Financial Statement Errors

The District presented its 2015 and 2014 financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. The following errors were noted:

- **Governmental Accounting Standards Board (GASB) Statement No. 54 [Codification 1800]**, *Fund Balance Reporting and Governmental Fund Type Definitions*, introduced five fund balance classifications and clarified the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are non-spendable, restricted, committed, assigned and unassigned. For both 2014 and 2015, the District failed to report the General Fund balance as unassigned fund balance. For 2014, the District failed to report the Special Revenue Fund balance as restricted. For 2015, the District failed to report the deficit Special Revenue Fund balance as Unassigned (Deficit).
- Homestead/rollback receipts posted to the General Fund were incorrectly reported as Taxes rather than Intergovernmental Receipts (\$23,393 in 2014; \$10,982 in 2015).
- The District improperly reported Capital Outlay expenditures as General Government expenditures in the General Fund in the amount of \$159,059 for 2014 on the annual financial report; however, the expenditures were properly recorded in the appropriations ledger.
- The District improperly reported expenditures on the annual financial report for the Emergency Medical Services Fund within the General Fund in the amount of \$164,970 for 2015. However, the District's accounting records reflected the expenditures in the proper funds.

The District's accompanying financial statements have been adjusted to correct the above errors.

The District should implement control procedures related to recording of District financial activity to ensure that all financial activity is recorded correctly. The District should review the requirements noted in Auditor of State Bulletin 2011-004. Failure to properly record financial activity could result in inaccurate financial statements, future audit adjustments, and decisions made by the District Board based on inaccurate financial information.

Officials' Response:

Officials did not provide a response to this finding.

FINDING NUMBER 2015-002

Material Weakness – Pay Rates

We tested 24 employee paychecks for 2014 and 36 employee paychecks for 2015. The following deficiencies were noted during testing of payroll expenditures:

- For 2014 the District did not maintain a salary schedule or other documentation approved by the Board showing the rate of pay for 21 of the 24 (88%) employees selected for testing.
- For 2015 the District did not maintain a salary schedule or other documentation approved by the Board showing the rate of pay for 33 of the 36 (92%) employees selected for testing.

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Failure to maintain accurate documentation of employee pay rates could result in over/under payment of wages. The District should implement procedures to maintain approved salary schedules or to document approved wage rates in the minutes.

Officials' Response:

Officials did not provide a response to this finding.

FINDING NUMBER 2015-003

Material Weakness – Cash Reconciliations & Financial Activity

In order to assist the District Board in making informed decisions for the benefit of the District, the Fiscal Officer should provide the Board with timely and accurate financial reports at least on a monthly basis. The Fiscal Officer was the only individual responsible for all accounting functions at the District. Lack of oversight controls over the Fiscal Officer resulted in errors in processing accounting information remaining unnoticed. Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the accounting system provide reasonable assurance that all receipts and expenditures have been correctly posted in the accounting system and have been correctly posted by the bank. The Fiscal Officer did not present monthly reconciliations to the Board from March 2015 through December 2015.

The Fiscal Officer did not properly post certain financial activity to the accounting system during the audit period related to emergency medical services billing receipts. As such the following differences were noted:

- At December 31, 2014, the reconciled bank balance was \$1,317 higher than the cash book balance. At December 31, 2015, the reconciled bank balance was \$613 higher than the cash book balance.
- The annual financial reports prepared by the Fiscal Officer did not accurately report ending fund cash balances. The fund balances reported on the annual financial reports reflected bank balances, not cash book balances. The accompanying financial statements report ending cash balances, not bank balances.

In 2015 we noted the following differences in reporting total expenditures:

- \$387,511 per the appropriation ledger
- \$387,471 per the annual financial report
- \$386,169 per the cash journal

Accurate reconciliations and financial reports are a basic and essential internal control component for sound fiscal management. District officials rely on accurate reconciliations and financial reports to make sound financial decisions. Lack of oversight over the District's financial reporting also increases the chances of fraud, theft, errors or omissions remaining unnoticed.

The Fiscal Officer should complete accurate monthly reconciliations. All transactions should be accurately posted in the accounting system. District officials should review and sign the reconciliations indicating their approval. Adjustments should be documented, and any unexplained differences should be investigated and resolved immediately. The Fiscal Officer should verify that financial activity is properly posted to the accounting ledgers and reported. The receipts ledger, appropriation ledger, cash journal, and annual financial report should all agree to each other.

Officials' Response:

Officials did not provide a response to this finding.

FINDING NUMBER 2015-004

Noncompliance – Negative Fund Balance

Ohio Rev. Code Section 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit cash balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

The District had a negative fund balance in the Special Revenue Fund at December 31, 2015 of \$53,906.

The District should implement procedures to monitor fund cash balances throughout the year and monitor individual funds to verify that resources are used for allowable purposes and also that resources are used for allowable purposes.

Officials' Response:

Officials did not provide a response to this finding.

FINDING NUMBER 2015-005

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Rev. Code § 5705.39 states, in part, that total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Total appropriations exceeded the total estimated resources in the Special Revenue Fund as follows:

	Estimated Resources	Appropriations	Variance
December 31, 2014	\$121,469	\$473,910	\$(352,441)
December 31, 2015	\$130,044	\$284,216	\$(154,172)

This could result in the District expending more money than it receives and could cause possible negative fund balances. A lack of funds may result in the District being unable to meet its current obligations. The District should verify that estimated resources are sufficient to cover appropriations at the time of certification or amendment.

Officials' Response:

Officials did not provide a response to this finding.

FINDING NUMBER 2015-006

Noncompliance – Expenditures Exceeding Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. Budgetary expenditures exceeded appropriations for the General Fund as follows:

	Appropriation	Total	
	Authority	Expenditures	Variance
December 31, 2014	\$139,090	\$356,645	\$(217,555)
December 31, 2015	\$132,017	\$198,343	\$(66,326)

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources, and result in deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response:

Officials did not provide a response to this finding.

**NORTHWEST FIRE AND AMBULANCE DISTRICT
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Financial activity was not properly reported	Not Corrected	Repeated as Finding 2015-001.
2013-002	Disbursements were not properly encumbered	Partially Corrected	Repeated as management letter comment

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Dave Yost • Auditor of State

NORTHWEST FIRE AND 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
APRIL 11, 2017**