



Mary Taylor, CPA  
Auditor of State



**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

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**Mary Taylor, CPA**  
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Southeastern Hardin Ambulance District  
Hardin County  
P.O. Box 85  
Mt. Victory, Ohio 43340

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

August 11, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Southeastern Hardin Ambulance District, Hardin County, (the District), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Southeastern Hardin Ambulance District, Hardin County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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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 August 11, 2008, 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

August 11, 2008



**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Cash Receipts:**

|                      |          |
|----------------------|----------|
| Property Taxes       | \$11,657 |
| Intergovernmental    | 2,462    |
| Charges for Services | 40,729   |
| Interest             | 254      |
| Total Cash Receipts  | 55,102   |

**Cash Disbursements:**

**Current:**

|                             |        |
|-----------------------------|--------|
| Ambulance Supplies          | 2,601  |
| Clerk's Pay                 | 1,925  |
| EMT Reimbursements/Run Fees | 13,707 |
| Insurance                   | 4,918  |
| Licenses                    | 150    |
| New Equipment               | 4,484  |
| Postage                     | 38     |
| Professional                | 3,285  |
| Rent                        | 2,854  |
| Repair and Maintenance      | 3,501  |
| Auditor/Treasurer Fees      | 3,047  |
| Training                    | 197    |
| Miscellaneous               | 2,473  |

**Debt Service:**

|                          |        |
|--------------------------|--------|
| Principal                | 10,404 |
| Interest                 | 551    |
| Total Cash Disbursements | 54,135 |

Total Receipts Over Disbursements 967

Fund Cash Balance, January 1 14,110

Fund Cash Balance, December 31 \$15,077

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

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**Cash Receipts:**

|                      |          |
|----------------------|----------|
| Property Taxes       | \$11,849 |
| Intergovernmental    | 9,550    |
| Charges for Services | 28,961   |
| Interest             | 177      |
| Miscellaneous        | 19       |
| Total Cash Receipts  | 50,556   |

**Cash Disbursements:**

Current:

|                             |       |
|-----------------------------|-------|
| Ambulance Supplies          | 3,916 |
| Bank Fees                   | 31    |
| Clerk's Pay                 | 900   |
| EMT Reimbursements/Run Fees | 6,468 |
| Insurance                   | 4,805 |
| Licenses                    | 150   |
| New Equipment               | 7,272 |
| Professional                | 4,879 |
| Rent                        | 2,038 |
| Repair and Maintenance      | 1,748 |
| Auditor/Treasurer Fees      | 6,397 |
| Training                    | 1,850 |
| Miscellaneous               | 155   |

**Debt Service:**

|                          |        |
|--------------------------|--------|
| Principal                | 10,183 |
| Interest                 | 1,150  |
| Total Cash Disbursements | 51,942 |

Total Receipts (Under) Disbursements (1,386)

Fund Cash Balance, January 1 15,496

Fund Cash Balance, December 31 \$14,110

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

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not use the encumbrance method of accounting.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**2. CASH**

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

|                         | <b>2007</b> | <b>2006</b> |
|-------------------------|-------------|-------------|
| Demand deposits         | \$10,077    | \$9,110     |
| Certificates of deposit | 5,000       | 5,000       |
| Total deposits          | \$15,077    | \$14,110    |

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

| <b>2007 Budgeted vs. Actual Receipts</b> |                          |                        |                 |
|--|--------------------------|------------------------|-----------------|
| <b>Fund Type</b>                         | <b>Budgeted Receipts</b> | <b>Actual Receipts</b> | <b>Variance</b> |
| General                                  | \$35,587                 | \$55,102               | \$19,515        |

| <b>2007 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                |                               |                 |
|--|--------------------------------|-------------------------------|-----------------|
| <b>Fund Type</b>   | <b>Appropriation Authority</b> | <b>Budgetary Expenditures</b> | <b>Variance</b> |
| General  | \$31,900                       | \$54,135                      | (\$22,235)      |

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| <b>2006 Budgeted vs. Actual Receipts</b> |                              |                            |                 |
|--|------------------------------|----------------------------|-----------------|
| <b>Fund Type</b>                         | <b>Budgeted<br/>Receipts</b> | <b>Actual<br/>Receipts</b> | <b>Variance</b> |
| General                                  | \$0                          | \$50,556                   | \$50,556        |

  

| <b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                    |                                   |                 |
|--|------------------------------------|-----------------------------------|-----------------|
| <b>Fund Type</b>   | <b>Appropriation<br/>Authority</b> | <b>Budgetary<br/>Expenditures</b> | <b>Variance</b> |
| General  | \$0                                | \$51,942                          | (\$51,942)      |

In 2006 and 2007, the District violated Ohio Rev. Code Section 5705.34 by failing to pass an ordinance or resolution to authorize the necessary tax levies.

In 2006, the District failed to certify the total amount from all sources available for expenditure along with the ending fund balance at the end of the preceding year which violated Ohio Rev. Code Section 5705.36.

In 2006, the District failed to adopt appropriations which violated Ohio Rev. Code Section 5705.38.

During 2007 and 2006, the District had expenditures greater than appropriations which violated the requirements of Ohio Rev. Code Section 5705.41(B).

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

During March 2001, the District entered into a lease purchase agreement, in the amount of \$39,384 for a new ambulance. The final payment was made in 2007.

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**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



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the Southeastern Hardin Ambulance District, Hardin County, (the District), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 11, 2008, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-004.

**Internal Control Over Financial Reporting  
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2007-004 is also 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2007-005 through 2007-008.

We also noted a certain compliance or other matter that we reported to the District's management in a separate letter dated August 11, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

August 11, 2008



**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-001**

**Significant Deficiency**

**Determination of Employee versus Independent Contractor**

To help assure the correct treatment of an individual as an employee or independent contractor, an entity should obtain guidance from an appropriate agency. The District considered their clerk and EMTs independent contractors and as a result did not withhold income taxes or retirement from the wages. However, they did not have support for classifying these positions as independent contractors. This could result in the District being liable for both the employee and employer contributions, along with penalties and interest, on all wages paid to these individuals. The amount of these contributions, penalties, and interest could have a material impact on the operations and financial statements of the District.

The District should contact the Internal Revenue Service and/or the Ohio Public Employees Retirement System for a determination as to whether or not the clerk and EMT position should be classified as that of an employee or independent contractor. Evidence supporting the decision should be maintained by the District. If it is determined that these positions should be classified as that of an independent contractor, the District should prepare a written contract with each individual and issue any required 1099s at year-end. If it is determined that these individuals should be classified as employees, the District should start withholding all applicable payroll taxes and retirement system contributions for each individual. The District should also consult with its legal representation as to how to handle previously unpaid payroll taxes and retirement system contributions.

**FINDING NUMBER 2007-002**

**Significant Deficiency**

**Availability of Organization Documents**

To provide guidance on the organizational structure of the entity and help prevent potential legal issues, a copy of the document that established a governmental entity should be on file with the entity. In addition, other subsequent legal documents such as by-laws should be maintained by the management. The District did not have a copy of the legal document that established its existence.

The failure to maintain documentation to support the organizational structure of the District may result in the inability to receive State or Federal Funding, the violation of Ohio Laws or their own self-imposed requirements, and legal implications if the District became involved in litigation.

The District should obtain a copy of their organizational document and any other documents such as by-laws. This information should be maintained in a manner so that it is readily available for inspection.

### **FINDING NUMBER 2007-003**

#### **Significant Deficiency**

##### **Review of Budget versus Actual Reports**

To assist in the effective management of financial resources a governing body should periodically review financial reports that present budget versus actual revenues and expenditures. The District's Board did not receive budget versus actual reports during 2007 and 2006. The failure to review budget versus actual activity inhibits the Board's ability to identify negative financial trends, could result in deficit spending that is material to the financial statements, or noncompliance with the budgetary requirements of the Ohio Revised Code.

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

### **FINDING NUMBER 2007-004**

#### **Material Weakness**

##### **Format and Activity Presented in the Annual Financial Statements**

The annual financial statements of the District should be presented in a manner that is consistent with the presentation used by governmental entities. In addition, the financial statements should be accurate, properly classified, and complete. The District's annual financial statements did not include the beginning 2006 and 2007 General Fund balances, in the amount of \$15,496 and \$14,110, respectively, or the ending 2006 and 2007 General Fund balances in the amount of \$14,110 and \$15,077, respectively. In 2006, financial statement errors in the amount of \$10,051 were identified as a result of the improper classification of an ambulance contract, the improper classification of intergovernmental revenue, property taxes recorded net of auditor/treasurer fees, and a variance between the fund balance and the bank balances. In 2007, financial statement errors in the amount of \$5,252 were identified as a result of the improper classification of intergovernmental revenue, property taxes recorded net of auditor/treasurer fees, revenue recorded when a savings account was closed, and a variance between the fund balance and the bank balances.

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

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

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

#### FINDING NUMBER 2007-005

##### Noncompliance Citation

**Ohio Rev. Code Section 5705.34** states, in part, that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before the first day of October, in each year, unless a later date is approved by the tax commissioner.

The District failed to pass an ordinance or resolution during 2007 and 2006 authorizing the necessary tax levies. The failure to authorize the necessary tax levies could result in the District not receiving property tax revenue which could impact the District's ability to sustain operations.

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.

#### FINDING NUMBER 2007-006

##### Noncompliance 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 2006.

The failure to complete and file this certification in a timely manner prevents the County Auditor from completing other required budgetary forms which are necessary for the District to adopt its annual appropriations resolutions.

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.

#### FINDING NUMBER 2007-007

##### Noncompliance Citation

**Ohio Rev. Code Section 5705.38(A)** states, in part, that on or about the first day of each fiscal year, an appropriation measure is to be passed. The District failed to adopt an appropriations resolution for 2006. **Ohio Rev. Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated. Since the District's Board did not adopt an appropriations resolution in 2006, all expenditures, in the amount of \$51,942, exceeded appropriations. In 2007, the District adopted appropriations, however actual disbursements exceeded appropriations by \$22,235. When expenditures exceed appropriations the potential for deficit spending is greatly increased.

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

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

## FINDING NUMBER 2007-008

### Noncompliance Citation

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

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

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

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

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the end of the year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket certificate** – The subdivision may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The District's Clerk did not properly certify the availability of funds for 100% of the expenditures in 2007 and 2006. Failure to properly certify the availability of funds may result in the District incurring obligations in excess of appropriations and possibly available resources.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, District's Clerk should certify that the funds are or will be available prior to the obligation by the District. When prior certification is not possible, "then and now" certification should be used.

### OFFICIALS' RESPONSE:

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

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i> |
|----------------|--|------------------|--|
| 2005-001       | Ohio Rev. Code Section 505.71- the clerk failed to execute a bond.   | Yes              |  |
| 2005-002       | Ohio Rev. Code Section 5705.36, states that on or about the first day of each fiscal year the total amount from all sources which is available for expenditure is to be certified to the county auditor.                             | No               | Repeated as Finding 2007-006   |
| 2005-003       | Ohio Rev. Code Section 5705.38, the District failed to pass an appropriation measure on or about the first day of each fiscal year and Ohio Rev. Code Section 5705.41(B), the District had expenditures greater than appropriations. | No               | Repeated as Finding 2007-007   |
| 2005-004       | Ohio Rev. Code Section 5705.41(D), the District failed to certify the availability of funds prior to entering into purchase obligations  | No               | Repeated as Finding 2007-008   |
| 2005-005       | The District should obtain a ruling regarding whether or not the Clerk is an employee or independent contractor  | No               | Repeated as Finding 2007-001   |
| 2005-006       | The District's Board failed to review budget versus actual reports   | No               | Repeated as Finding 2007-003   |





**Mary Taylor, CPA**  
Auditor of State

**SOUTHEASTERN HARDIN AMBULANCE DISTRICT**

**HARDIN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 25, 2008**