



Dave Yost • Auditor of State

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

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Dave Yost • Auditor of State

Perry Port Salem Ambulance District
Shelby County
P.O. Box 16
Port Jefferson, Ohio 45360

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.

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Dave Yost
Auditor of State

August 23, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry Port Salem Ambulance District
Shelby County
P.O. Box 16
Port Jefferson, OH 45360

To the Board of Trustees:

We have audited the accompanying financial statements of the Perry Port Salem Ambulance District, Shelby County, (the District) as of and for the years ended December 31, 2011 and 2010. 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.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 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 Perry Port Salem Ambulance District, Shelby 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 Perry Port Salem Ambulance District, Shelby County, 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 23, 2012, 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 23, 2012

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General
Cash Receipts:	
Property and Other Local Taxes	\$37,608
Integovernmental	9,096
Earnings on Investments	31
Total Cash Receipts	46,735
Cash Disbursements:	
Current Disbursements:	
Security of Persons and Property:	
Salaries & Fringe Benefits	2,307
Payments to Rescue Squad	22,000
Other	212
Debt Service:	
Redemption of Principal	7,714
Total Cash Disbursements	32,233
Net Change in Fund Cash Balance	14,502
Fund Cash Balance, January 1	47,784
Fund Cash Balance, December 31:	
Unassigned	62,286
Fund Cash Balance, December 31	\$62,286

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

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General
Cash Receipts:	
Property and Other Local Taxes	\$37,774
Integovernmental	10,113
Earnings on Investments	33
Total Cash Receipts	47,920
 Cash Disbursements:	
Current Disbursements:	
Security of Persons and Property:	
Salaries & Fringe Benefits	1,789
Payments to Rescue Squad	22,000
Other	2,445
Debt Service:	
Redemption of Principal	25,868
Total Cash Disbursements	52,102
 Total Receipts Under Disbursements	 (4,182)
 Fund Cash Balance, January 1	 51,966
 Fund Cash Balance, December 31	 \$47,784

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

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Perry Port Salem Ambulance District, Shelby County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Perry Township, Village of Port Jefferson, and Salem Township. The District provides emergency medical services within the District.

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

B. Accounting Basis

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

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

C. Deposits

The District maintained a checking and savings account which are valued at cost.

D. Fund Accounting

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

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.

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.

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, 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. Non-spendable

The District classifies assets as *non-spendable* 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.

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.

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2011	2010
Demand deposits	\$62,286	\$47,784

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,593	\$46,735	\$2,142

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,750	\$32,233	\$10,517

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,692	\$47,920	\$2,228

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,750	\$52,102	(\$9,352)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$9,352 for the year ended December 31, 2010.

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

The District had a loan agreement from 2008 related to the purchase of an ambulance. At the beginning of the audit period the loan principal amount to be paid amounted to \$31,145. This amount was fully paid by the end of December 31, 2011.

6. RETIREMENT SYSTEMS

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. At December 31, 2011, the District still has an outstanding obligation of \$225 for members' contributions that is owed to OPERS.

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained a fidelity bond for the Fiscal Officer's position.



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

Perry Port Salem Ambulance District
Shelby County
P.O. Box 16
Port Jefferson, Ohio 45360

To the Board of Trustees:

We have audited the financial statements of the Perry Port Salem Ambulance District, Shelby County, (the District) as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated August 23, 2012, wherein we noted District prepared its financial statements using the accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted that the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-02 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 2011-01 and 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 23, 2012.

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

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

Dave Yost
Auditor of State

August 23, 2012

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

Noncompliance Citation – Expenditures Exceeded Appropriations

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. The following instance was noted where actual expenditures exceeded appropriations at the legal level of control:

In fiscal year 2010, for the General Fund the District appropriated \$42,750, but spent \$52,102, resulting in \$9,352 of un-appropriated disbursements. No supplemental appropriations were approved by the Board. This could result in the District expending more funds than available for expenditure.

The District should routinely monitor expenditures and appropriations, and make necessary changes to either the budgeted amounts or the actual activity. The District should develop monitoring procedures to help identify instances in which expenditures may exceed appropriations at the legal level of control. Appropriations and/or spending should be modified when a potential violation is identified to help reduce the risk of deficit spending in order to remain in compliance with this Code Section.

Officials' Response: District Officials declined to respond to the above finding.

FINDING NUMBER 2011-02

Noncompliance Citation/Material Weakness – Accounting Records

Ohio Admin. Code Section 117-2-02(D) states, in part, that all local public offices may maintain accounting records in a manual or computerized format. The records should be based on the nature of operations and services the public office provides. Such records should include the following:

1. Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
3. Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

Although the District prepared manual accounting records which included the above, the year-end balance in the cash journal did not reconcile to the actual cash balance for the year ended December 31, 2010. The amounts in the appropriation ledger did not agree with the actual disbursements presented in the annual financial report for 2010 for two expense lines. The annual financial reports prepared for 2010 also did not foot to the total presented. The following was determined for the years 2011 and 2010:

**FINDING NUMBER 2011-02
(Continued)**

- The 2010 General fund beginning balance was overstated in the amount of \$1,047;
- During 2011 and 2010, various receipts from the tax levy settlements, in the amounts of \$30,147 (65 percent of revenues) and \$27,325 (57 percent of revenues), respectively; were incorrectly posted as intergovernmental revenue instead of tax revenue;
- The 2010 salaries and fringe benefit expenses were overstated in the amount of \$632, and the 2010 other expenses were understated in the amount of \$662, resulting in a \$30 overstatement of fund cash balance. These amounts were recorded correctly in the underlying manual appropriation ledger.

The accompanying financial statements have been adjusted to correctly present the District's revenue and expenditure activity for 2011 and 2010.

Additionally, in 2011 and 2010 the District recorded debt service interest charges in the amounts of \$244 and \$2,194 respectively as debt service principal and failed to record tax settlements at the gross amount in 2011 and 2010 resulting in understatements of revenues and expenditures of \$1,057 and \$928 respectively. The financial statements have not been adjusted for these errors.

The failure to properly record receipts and expenditures results in a material misstatement of the reported revenue and expenditure line items.

The District should review a sample alphanumeric chart of accounts (such as the one provided to townships), and record revenue and expenditure activity to the account code which best represents the transaction. The amounts recorded in the accounting records should support the totals reported on the annual financial report. The Chart of Accounts may be found on the Auditor of State website www.ohioauditor.gov.

Officials' Response: District Officials declined to respond to the above finding.

**PERRY PORT SALEM AMBULANCE DISTRICT
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 505.71 – Purchase, lease, maintain and use all materials, equipment, vehicles, buildings, and land necessary to perform its duties.	Yes	
2009-002	Ohio Rev. Code Section 5705.41(B) - Expenditures exceeded Appropriations	No	Repeated as Finding 2011-01
2009-003	Ohio Rev. Code Section 5705.41(D) – Prior Certification	Yes	
2009-004	Ohio Admin. Code Section 117-2-02(D) Accounting records did not reconcile to the financials, and financial statements were materially misstated.	No	Repeated as Finding 2011-02
2009-005	Material Weakness – Monthly Bank Reconciliations.	Yes	

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PERRY PORT SALEM AMBULANCE DISTRICT

SHELBY 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, 2012**