

**STANLEY RURAL AMBULANCE SERVICE DISTRICT
STANLEY, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Stanley Rural Ambulance Service District
Stanley, North Dakota

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the business-type activities of Stanley Rural Ambulance Service District as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Stanley Rural Ambulance Service District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the Stanley Rural Ambulance Service District, as of December 31, 2018 and 2017, and the respective changes in cash basis financial position, for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2019, on our consideration of the Stanley Rural Ambulance Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Stanley Rural Ambulance Service District's 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 Stanley Rural Ambulance Service District's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
MINOT, NORTH DAKOTA**

July 25, 2019

STANLEY RURAL AMBULANCE SERVICE DISTRICT
STATEMENTS OF NET POSITION - CASH BASIS
DECEMBER 31, 2018 AND 2017

	2018	2017
Assets:		
Current assets:		
Cash and cash equivalents	\$ 313,173	\$ 735,817
Noncurrent assets:		
Restricted cash and cash equivalents	452,532	388,184
Total assets	\$ 765,705	\$ 1,124,001
 Net Position:		
Restricted	\$ 452,532	\$ 388,184
Unrestricted	313,173	735,817
Total net position	\$ 765,705	\$ 1,124,001

SEE NOTES TO THE FINANCIAL STATEMENTS

STANLEY RURAL AMBULANCE SERVICE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Operating Revenue:		
Taxes	\$ 351,444	\$ 229,968
Charges for services	293,526	308,301
Contributions and donations	60,075	159,570
Federal and state grants	9,543	655,281
Total operating revenue	714,588	1,353,120
Operating Expenses:		
Contract labor	540,736	449,067
Construction costs	394,952	322,476
Vehicle expenditures	17,366	14,971
Ambulance supplies	62,232	33,451
Equipment purchases and repairs	14,037	56,590
Collections and billing	9,433	9,612
Professional fees	5,525	7,950
Office supplies	4,417	4,644
Education expenditures	-	645
Insurance	3,207	3,316
Rent	375	1,500
Meals	253	207
Travel	116	-
Advertising	647	219
Utilities	13,647	11,869
Miscellaneous	6,111	3,676
Total operating expenses	1,073,054	920,193
Net operating revenue (loss)	(358,466)	432,927
Non-operating revenue		
Interest Income	170	135
Change in net position	(358,296)	433,062
Net position, beginning of year	1,124,001	690,939
Net position, end of year	\$ 765,705	\$ 1,124,001

SEE NOTES TO THE FINANCIAL STATEMENTS

STANLEY RURAL AMBULANCE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Stanley Rural Ambulance Service District is presented to assist in understanding the District's financial statements.

The District reports as a business-type activity, as defined by the Governmental Accounting Standards Board (GASB). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

Nature of Operations

The Stanley Rural Ambulance Service District (Ambulance District), Stanley, North Dakota, was established to provide ambulance services to the Stanley community and surrounding area. The Ambulance District operates under the North Dakota Department of Emergency Health Services and was established as a rural ambulance district under North Dakota Century Code 11-28.3.

Reporting Entity

For financial reporting purposes, the Stanley Rural Ambulance Service District has included all funds. The Ambulance District has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the Ambulance District are such that exclusion would cause the Ambulance District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Stanley Rural Ambulance Service District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Stanley Rural Ambulance Service District. Based on these criteria, there are no component units to be included within the Stanley Rural Ambulance Service District as a reporting entity.

Fund Accounting

The Ambulance District uses fund accounting to report on its financial position and the results of its operations. The activities of the various funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, net position, revenues and expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions and activities.

The following fund type is used by the Ambulance District:

Proprietary Fund Type

The Proprietary Fund's measurement focus is upon determination of net income, financial position, and changes in financial position. These funds are used to account for activities that are similar to those found in the private sector. They are maintained on the cash basis of accounting.

STANLEY RURAL AMBULANCE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS-CONTINUED
DECEMBER 31, 2018 AND 2017

Measurement Focus

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the business-type activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting, as defined below.

In the financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the cash basis of accounting, is used as appropriate:

The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets (whether current or non-current, financial, or non-financial) associated with their activities are reported on a cash basis. Proprietary fund equity is classified as net position.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The Ambulance District follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities, with the exception of those pronouncements that conflict with the cash basis of accounting.

The accounting policy of the Ambulance District is to maintain the accounting records on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Ambulance District does not maintain capital asset records for business-type activities. Since capital asset records are not maintained, depreciation is not recognized and recorded as an expense.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

When both restricted and unrestricted resources are available for use, it is the Ambulance District’s policy to use unrestricted resources first, and then restricted resources as they are needed.

Cash and Cash Equivalents

Cash and cash equivalents include funds on deposit in checking and savings accounts.

STANLEY RURAL AMBULANCE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS-CONTINUED
DECEMBER 31, 2018 AND 2017

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent amounts set aside in an emergency medical sinking fund for the replacement of equipment and ambulances in accordance with North Dakota Century Code 11-28.3-09.

Net Position

Net position is classified and displayed in two components:

- Restricted net position – consists of cash that is restricted by state enabling legislation as described above in Restricted Cash and Cash Equivalents.
- Unrestricted net position – all other net position is reported in this category.

Defining Operating Revenues and Expenses

The Ambulance District distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Ambulance District consist of charges for services, taxes, grants related to operating the ambulance and donations given to support the ambulance and the costs of providing those services, including operating expenses directly related to the ambulance. All other revenues and expenses are reported as non-operating.

Property Tax Calendar and Revenues

The Ambulance District is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied on January 1 based on assessed values at November 1. Property tax payments are due in two installments—February 15 and October 15. Taxes are considered delinquent after their due date and become a lien on the property at that time. Property taxes can only be delinquent for 3 years before foreclosure.

NOTE 2 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution to recover its deposits or collateralized securities that are in the possession of outside parties. The Ambulance District does not have a formal policy for custodial credit risk for deposits.

State statutes require the market value of collateral pledged must equal 110% of the deposits covered by insurance or bonds.

The Ambulance District maintains cash on deposit at various financial institutions. The amounts on deposit were insured by the FDIC up to \$250,000 per institution. At December 31, 2018, the Ambulance District had approximately \$386,000 in excess of the FDIC limit that was covered by pledged securities in the name of the Ambulance District.

STANLEY RURAL AMBULANCE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS-CONTINUED
DECEMBER 31, 2018 AND 2017

NOTE 3 GRANTS

The Ambulance District participates in state grant programs, which are governed by various rules and regulations of the grantor agency. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Ambulance District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Ambulance District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 4 OPERATING LEASES

The District leases storage space on a month to month basis. Rent expense related to the leases totaled \$375 and \$1,500 for the years ended December 31, 2018 and 2017, respectively.

NOTE 5 SERVICE AGREEMENT

The Ambulance District has entered into a service agreement with Ambulance Resources, LLC. Under the agreement, Ambulance Resources, LLC provides staffing of certified paramedics, emergency medical technicians, and CPR drivers to the Ambulance District. All costs associated with the service agreement are included in the expense Contract labor in the Statements of Revenues, Expenses, and Changes in Net Position - Cash Basis.

NOTE 6 RISK MANAGEMENT

The Stanley Rural Ambulance Service District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District pays an annual premium to BBH Insurance for its general liability insurance, auto insurance, inland marine insurance coverage, and portable equipment insurance coverage. The coverage by BBH is limited to losses of \$1,000,000 per occurrence for general liability, auto, and inland marine and guaranteed replacement value for portable equipment.

The Stanley Rural Ambulance Service District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides Stanley Rural Ambulance Service District with blanket fidelity bond coverage in the amount of \$379,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

STANLEY RURAL AMBULANCE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS-CONTINUED
DECEMBER 31, 2018 AND 2017

NOTE 7 FUTURE GASB PRONOUNCEMENTS

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. It also establishes disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

STANLEY RURAL AMBULANCE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS-CONTINUED
DECEMBER 31, 2018 AND 2017

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate organization does not meet the definition of an investment, the holding of the majority equity interest results in the government being financially accountable for the organization and therefore, the government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

The Ambulance District does not expect these standards to have a significant effect on their financial statements.

NOTE 8 SUBSEQUENT EVENTS

No subsequent events have occurred subsequent to the Ambulance District's year end. Subsequent events have been evaluated through July 25, 2019, which is the date these financial statements were available to be issued.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Stanley Rural Ambulance Service District
Stanley, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards as applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the Stanley Rural Ambulance Service District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Stanley Rural Ambulance Service District's basic financial statements and have issued our report thereon dated July 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Stanley Rural Ambulance Service District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stanley Rural Ambulance Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stanley Rural Ambulance Service District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-001 and 2018-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2018-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stanley Rural Ambulance Service District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Stanley Rural Ambulance Service District's Response to Findings

The Stanley Rural Ambulance Service District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Stanley Rural Ambulance Service District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BRADY, MARTZ & ASSOCIATES, P.C.
MINOT, NORTH DAKOTA

July 25, 2019

STANLEY RURAL AMBULANCE SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

2018-001 - Auditor Preparation of Financial Statements – Material Weakness

Criteria

An appropriate system of internal control requires the Ambulance District to determine that financial statements are properly stated in compliance with the cash basis of accounting. This requires the Ambulance District's personnel to maintain knowledge of current accounting principles and required financial statement disclosures.

Condition

The Ambulance District's personnel prepare periodic financial information for internal use that meets the needs of management and the board of directors. However, the Ambulance District does not have internal resources to prepare full-disclosure financial statements for external reporting.

Cause

The Ambulance District's internal controls have not been designed to address the specific training needs that are required of its personnel to obtain and maintain knowledge of current accounting principles and required financial statement disclosures.

Effect

An appropriate system of internal controls is not present to make a determination that financial statements and the related disclosures are fairly stated in compliance with the cash basis of accounting. However, the Ambulance District is aware of the deficiency and addresses it by reviewing and approving the completed statements prior to distribution to the end users.

Recommendation

We recommend that the Ambulance District reviews its current training system to determine if it is cost effective for the entity to obtain this knowledge internally. As a compensating control the Ambulance District could establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

Due to the financial, efficiency and time constraints, it has been determined by Stanley Rural Ambulance Service District management that it is in the best interest of Stanley Rural Ambulance Service District and all interested parties to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit.

STANLEY RURAL AMBULANCE SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2018

2018-002 - Segregation of Duties - Material Weakness

Criteria

Generally, a system of internal control has the proper separation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keeping and reconciliation.

Cause

Size and budget constraints limit the number of personnel within the accounting department.

Effect

The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

The areas of authorization, custody, record keeping, and reconciliation should be reviewed periodically and consideration given to improving the segregation of duties. Compensating controls over the underlying financial information may be obtained through oversight by management and the board.

Views of Responsible Officials and Planned Corrective Actions

Due to the size of the Ambulance District, it is currently not cost effective for the Ambulance District to maintain the staff necessary to negate this finding. The Ambulance District will review again when it is determined to become cost effective.

STANLEY RURAL AMBULANCE SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

2018-003 – Cash Disbursements – Significant Deficiency

Criteria

All invoices should be reviewed and approved by designated personnel. The review should include an assessment of the accuracy of the invoice.

Condition

The Ambulance District does have a process in place to review invoices. However, in our consideration of internal control it was discovered that an inaccurate invoice was approved and paid.

Cause

Invoices for volunteer pay do not include underlying support for the amount billed to the Ambulance District with the invoice.

Effect

A bill was paid by the Ambulance District in which the amount due was calculated incorrectly. The error was not discovered until the subsequent year.

Recommendation

The Ambulance District should request a more detailed invoice or attached underlying support for the calculation of amounts due for volunteer pay.

Views of Responsible Officials and Planned Corrective Actions

The Ambulance District will request underlying support for the amounts billed for volunteer pay and will review the support along with the corresponding invoice prior to payment.

STANLEY RURAL AMBULANCE SERVICE DISTRICT
CORRECTIVE ACTION PLAN
DECEMBER 31, 2018

2018-001

Contact Person

Donald Giese, Board President

Corrective Action Plan

The Ambulance District will implement the plan when and if it becomes cost effective.

Completion Date

Not applicable.

2018-002

Contact Person

Donald Giese, Board President

Corrective Action Plan

The Ambulance District will implement the plan when and if it becomes cost effective.

Completion Date

Not applicable.

2018-003

Contact Person

Donald Giese, Board President

Corrective Action Plan

The Ambulance District will request a more detailed invoice or underlying support for the amounts billed for volunteer pay.

Completion Date

August 1, 2019