



Dave Yost • Auditor of State



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

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Southeastern Hardin Ambulance District, Hardin County (the District) for the years ended December 31, 2013 and 2012.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2013 or 2012.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Current Year Observations

1. We examined the two bank reconciliations presented for December 31, 2013. The reconciliation presented for the checking account held at Mount Victory State Bank included Un-cleared Transactions – Checks and Payments in the amount of \$8,065.45. The District's Fiscal Officer indicates she could not get to the information within the accounting system to create a Reconciliation Detail Report to support these un-cleared transactions. In addition, there were Un-cleared Transactions – Deposits and Credits of \$6,394.79. This amount consisted of a certificate of deposit in the amount of \$5,000 as a result of a journal entry error. The remaining amount of 1,394.79 is the result of receipts recorded in the system twice that have not been corrected. The reconciliation presented for the account held at Home Savings and Loan included Un-cleared Transactions – Checks and Payments in the amount of \$5.77 which were not explained. In addition, there were Un-cleared Transactions - Deposits and Credits in the amount of \$1,200.24 which included deposits in the amount of \$500.00 and \$700.00 that were entered twice into the system that had not been corrected.

Reconciliations with unsupported reconciling items or errors impact the District's ability to monitor financial operations and could lead to irregularities that are not detected. The District should resolve all reconciling items. In addition, the Fiscal Officer should present the Board with one reconciliation that includes all accounts under the control of the District. Also, either additional training on the current accounting system or changing to a new accounting system should be considered to help eliminate errors.

2. The Balance Sheet at December 31, 2013 had total assets and equity of \$13,026. The balance sheet had the following errors:
 - The Home Saving and Loan balance was reported at \$1,921.83 instead of \$2,021.83 as reported on the December 31, 2013 reconciliation;
 - The demand deposit account held at Mt. Victory State Bank was reported at \$1,104.48 instead of \$1,066.08 as reported by the bank;
 - The checking account held at Mt. Victory State Bank, with a reconciled carrying amount of \$11,041.33 was not included on the reconciliation; and

- Two certificates of deposit in the amount of \$5,000 each held at Mt. Victory State Bank were not included.

The failure to report accurate and complete balances in the system and year-end financial statements not only impacts the users of the financial statements but may result in the material misstatement of the financial statements.

Procedures should be implemented to help assure the year-end financial statements include all accounts under the control of the District. In addition, either additional training on the current accounting system or changing to a new accounting system should be considered to help eliminate errors.

3. The District is governed by a four-member Board of Trustees appointed by the two villages and two townships that receive ambulance services. This structure is consistent with an entity formed under Ohio Rev. Code Section 505.375(A)(1)(a) which is an ambulance district formed by the boards of one or more townships and the legislative authorities of one or more municipal corporations. The District was unable to provide a copy of the legal document creating the District.

The failure to maintain a copy of this document could impact the District's ability to operate as intended and could result in unnecessary legal costs in the event the organizational structure was challenged.

The District should obtain copies of the document(s) from the political subdivisions that established the District. The document(s) should then be maintained by the District for future reference.

4. The individuals responsible for the operations of the District are not considered employees and are issued 1099's at year-end. However, the District has not obtained a ruling from the Internal Revenue Service or the Ohio Public Employees Retirement System as to whether on the positions of fiscal officer and EMTs should be classified as employees or independence contractors.

The lack of such a ruling could result in the District being liable for both the employee and employer tax 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 legal counsel, the Internal Revenue Service, and/or the Ohio Public Employees Retirement System for a determination as to whether or not the clerk and EMT positions 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 1099's 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.

5. The District did not certify to the county auditor, for either 2013 or 2012, the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. As a result, Ohio Rev. Code Section 5705.36 was violated, and the county auditor was inhibited from completing other required budgetary documents for the District. In addition there was no evidence that the District filed any other required budgetary documents with the county auditor. The failure to file budgetary documents such as the annual appropriations resolution prevents the District from having legally approved appropriations which violates Ohio Rev. Code Section 5705.39.

The failure to have legally adopted appropriations results in all expenditures exceeding appropriations which violates Ohio Rev. Code Section 5705.41(B).

The District should review the Ohio Compliance Supplement and then develop a checklist that identifies the required approval and filing dates for budgetary documents. Also the District should integrate estimated receipts and appropriations into their accounting system to allow for the monitoring of budget versus actual activity. If the current accounting system does not allow the the integration of budgetary amounts then consideration should be given to changing to a different accounting system.

Current Status of Matters an IPA Reported in the Prior Engagement

6. In addition to item number 5 reported above, the prior audit report for the years ended December 31, 2011 and 2010 included the following findings:
 - a. The annual financial statements of the District should be presented in a manner that is consistent with the presentation used by governmental entities including beginning and ending fund balances. The Fiscal Officer indicated these issues were not corrected during 2013 and 2012.
 - b. The District did not certify expenditures as required by Ohio Rev. Code Section 5705.41 (D). The Fiscal Officer indicated expenditures were not prior certified during 2013 and 2012.



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Auditor of State

April 15, 2014

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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
MAY 8, 2014**