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Certified Public Accountants, A.C.

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY  
Regular Audit  
For the Years Ended December 31, 2015 and 2014**

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# Dave Yost • Auditor of State

Board of Trustees  
Indian Lake EMS Joint Ambulance District  
301 N. Oak St.  
Lakeview, OH 43331

We have reviewed the *Independent Auditor's Report* of the Indian Lake EMS Joint Ambulance District, Logan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Indian Lake EMS Joint Ambulance District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 12, 2016

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**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

July 25, 2016

Indian Lake EMS Joint Ambulance District  
Logan County  
301 North Oak Street  
Lakeview, Ohio 43331

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of the **Indian Lake EMS Joint Ambulance District**, Logan County, (the District) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2016 in our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$ 273,494
Charges for Services	463,249
Earnings on Investments	123
Miscellaneous	<u>20,568</u>
 Total Cash Receipts	 <u>757,434</u>
 <b>Cash Disbursements:</b>	
Current Disbursements:	
Security of Persons and Property:	
Salaries	425,650
Fringe Benefits	107,495
Materials and Supplies	19,877
Equipment	33,396
Other	88,121
Capital Outlay	<u>154,022</u>
 Total Cash Disbursements	 <u>828,561</u>
 Net Change in Fund Cash Balance	 <u>(71,127)</u>
 Fund Cash Balance, January 1	 <u>195,598</u>
 <b>Fund Cash Balance, December 31</b>	
Unassigned	<u>124,471</u>
 <i>Fund Cash Balance, December 31</i>	 <u><u>\$ 124,471</u></u>

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



**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$ 279,040
Charges for Services	115,614
Intergovernmental	36,359
Earnings on Investments	621
Miscellaneous	<u>13,472</u>
 Total Cash Receipts	 <u>445,106</u>
 <b>Cash Disbursements:</b>	
Current Disbursements:	
Security of Persons and Property:	
Salaries	400,778
Fringe Benefits	105,601
Materials and Supplies	20,692
Equipment	33,203
Other	34,696
Capital Outlay	<u>128,822</u>
 Total Cash Disbursements	 <u>723,792</u>
 Net Change in Fund Cash Balance	 <u>(278,686)</u>
 Fund Cash Balance, January 1	 <u>474,284</u>
 <b>Fund Cash Balance, December 31</b>	
Unassigned	<u>195,598</u>
 <i>Fund Cash Balance, December 31</i>	 <u><b>\$ 195,598</b></u>

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

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Indian Lake EMS Joint Ambulance District, Logan County (the District), as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Stokes Township, Washington Township, the Village of Lakeview, and the Village of Russells Point. The District provides emergency medical and ambulance 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The District's accounting basis includes investments as assets. This basis of accounting does not record disbursements for investments 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**E. Budgetary Process**

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

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(CONTINUED)**

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

**E. Budgetary Process (Continued)**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when 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 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or it 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.

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(CONTINUED)**

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

**F. Fund Balance (Continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2015</u>	<u>2014</u>
Demand Deposits	\$ 42,473	\$ 113,710
Certificates of Deposit	81,998	81,888
Total Deposits	<u>\$ 124,471</u>	<u>\$ 195,598</u>

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

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 757,434	\$ 757,434
Total	\$ -	\$ 757,434	\$ 757,434

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 828,561	\$ (828,561)
Total	\$ -	\$ 828,561	\$ (828,561)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 445,106	\$ 445,106
Total	\$ -	\$ 445,106	\$ 445,106

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 723,792	\$ (723,792)
Total	\$ -	\$ 723,792	\$ (723,792)

The District did not pass an ordinance or resolution to authorize the necessary tax levies. This violated the requirements of Ohio Revised Code Section 5705.34.

The District did not certify 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 for 2015 and 2014. This violated the requirements of Ohio Revised Code Section 5705.36(A)(1).

The District did not pass an appropriation measure in 2015 or 2014. This violated the requirements of Ohio Revised Code Section 5705.38.

Contrary to Ohio Law, budgetary expenditures exceeded appropriation authority in the General Fund by \$828,561 for the year ended December 31, 2015 and \$723,792 for the year ended December 31, 2014. This violated the requirements of Ohio Revised Code Section 5705.41(B).

Contrary to Ohio Law, the District did not follow the encumbrance method of accounting. The District did not issue purchase orders. This violated the requirements of Ohio Revised Code Section 5705.41(D).

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(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 make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

**5. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Ambulance Package
- Ambulance Management
- Commercial Auto
- Commercial Property
- General Liability

**7. RELATED PARTY TRANSACTIONS**

The District Clerk's husband processed ambulance billings for the District for a fee of 6% of the ambulance run receipts through April of 2015. Total fees paid were \$3,063 in 2015 and \$6,746 in 2014.



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

July 25, 2016

Indian Lake EMS Joint Ambulance District  
Logan County  
301 North Oak Street  
Lakeview, Ohio 43331

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balance, receipts, and disbursements of the **Indian Lake EMS Joint Ambulance District**, Logan County, (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated July 25, 2016, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and that we consider material weaknesses. We consider findings 2015-001 through 2015-008 to be material weaknesses.



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***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2015-002, 2015-003, and 2015-008.

We also noted certain matters not requiring inclusion in this report that we communicated to management in a separate letter dated July 25, 2016.

***Entity's Response to Findings***

The Entity's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Entity's responses and, accordingly, we express no opinion on them.

**Purpose of this Report**

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2015-001**

**Material Weakness**

**Posting Receipts**

Accurate financial reporting is the responsibility of the Clerk and is essential to ensure the information provided to the readers of the financial statements is correct.

Receipts were not always posted correctly. The following posting errors were noted:

- Intergovernmental receipts were improperly recorded as Property and Other Local Taxes receipts in the General Fund in 2014.

This posting error resulted in a reclassification being made to the District's financial statements. The financial statements reflect the reclassification.

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. We also recommend the Clerk refer to Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Management's Response** – Joanna as the Clerk without any training in fiscal officer accepted the monies receive at the face dollars of the check. She signed the copies of the breakdowns and returned them to the County Auditor and did not keep a copy, but did not show the gross amount or sources for record purposes. This issue is being resolved with investigation into UAN and a trained for an additional fiscal person.

**FINDING NUMBER 2015-002**

**Noncompliance/Material Weakness**

**Ohio Revised Code § 117.38** states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the Chief Clerk.

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2015-002 (Continued)**

**Noncompliance/Material Weakness (Continued)**

The District did not file a financial report with the Auditor of State's office for the year ending December 31, 2014. In addition, several material errors were noted during our review of the financial report. Amounts listed on the Annual Financial Report for receipts, disbursements and fund balances did not match to the District's manual accounting ledgers for either 2015 or 2014. Reconciliations of activity were necessary.

The Board of Trustees should monitor the completion of the annual financial reports to help assure timely filing, accuracy, and publication and to prevent possible penalties.

**Management's Response** – The County Auditor will help us get our reports to his office straightened out and the board is aware that they must also take more responsibility in the preparation of annual budgets.

**FINDING NUMBER 2015-003**

**Noncompliance/Material Weakness**

**Budgetary Controls**

The budget is an instrument of public policy: A governing Board of Trustees expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the District making financial decisions based on incorrect or incomplete information. We noted the following:

- Violation of 5705.34 relating to authorization of tax levies;
- Violations of 5705.36 relating to certification of estimated resources and beginning balances;
- Violations of 5705.38 relating to adopting appropriations for each year;
- Violations of 5705.39 relating to appropriations being limited by estimated revenue;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.

The Board of Trustees does not monitor for budgetary compliance. It does not ensure budgetary forms are properly completed or submitted to the County Budget Commission. In addition, the District did not ensure that appropriations and estimated receipts were authorized by the District Board of Trustees and approved by the County Budget Commission.

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2015-003 (Continued)**

**Budgetary Controls (Continued)**

The Board of Trustees should review the requirements of ORC Section 5705 to be familiar with these laws and to make sure the District is complying with applicable sections. We recommend the District establish a procedure that ensures budgetary forms are submitted to the County accurately and timely. This could include a checklist of forms and due dates. The Board of Trustees should take steps to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Clerk prior to purchasing and unencumbered balances are tracked for each line item.

**Management's Response** – Resolutions and budgets have been approved for each of the years of the audit, however it was not passed on or forwarded to the Logan County Auditor for County Budget committees approval. With an outside committee's help, we are going to see if we can get the UAN system in place to assist with the annual budgeting process.

**FINDING NUMBER 2015-004**

**Material Weakness**

**Billing Service Reconciliations**

The District had not established a formal reconciliation for charges for service transactions being billed and collected by the independent contractor during the audit period. There was no evidence presented for audit that any type of reconciliation was being performed to the billings and receipts reported by the independent contractor for 2014 or 2015. It has been noted that a reconciliation process has been established with the independent contractor for the subsequent fiscal year. This includes billing numbers reconciling with ambulance run numbers to ensure all billable squad runs have been billed, that the billing rates are correct, and that proper collections are being made and turned over to the District.

In order to help assure that all ambulance runs have been processed and submitted for payment (insurance, Medicare/Medicaid, private pay), records should be maintained to show the status on each claim and the reason for considering an account paid in full when the amount due is not collected. The District did not utilize pre-numbered claim forms and there was no evidence that the claim forms were matched to the corresponding ambulance run sheets during the audit period.

The failure to use pre-numbered claim forms inhibited management's ability to determine the completeness and accountability of the claim forms. The failure to agree each claim form to a run sheet increased the risk that all eligible runs may not be submitted for payment during the audit period.

The District should review implemented procedures to ensure that they require the use of pre-numbered claim forms and the reconciliation of the claim forms back to the run sheets. The District should also require explanations for each account that is considered paid in pull when the amount owed is not paid. The Board should approve all write-offs to accounts. The Board should periodically review the records to help assure these procedures have been implemented by District personnel.

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**FINDING NUMBER 2015-004 (Continued)**

**Billing Service Reconciliations (Continued)**

**Management's Response** – The District does have a system in place for control of run and collection of billable revenue. Due to the issue of having three squads, it isn't possible to control the runs with pre-printed forms. They use a coding system that sets up each run number and this number is forwarded to the billing company who uses the number to establish the invoice and control of the billing process. Each run sheet is coded in the lower right hand corner with a control/run number and that number follows the invoice to collection and ties into payment from whatever institution is responsible.

The billing amount is approved by the insurance company and the total amount may not be paid and the net amount is what is recorded under the invoice number as a payment received for services. Since this is a cash basis entity, only the amount received is recognized. If it is paid by an individual in installment type payments, each payment is recorded on the records until received in full.

Since the summaries that the EMS receives shows run number and invoice and receipt we feel that this is sufficient reconciliation and proof from run to payment.

**Response to Management's Response** – The District did not have any control system in place consisting of correlating run numbers and invoice numbers until 2016. During testing, we found no run sheets coded with an invoice number. Invoice numbers were not recorded in the client's QuickBooks accounting system in 2014 or 2015.

**FINDING NUMBER 2015-005**

**Material Weakness**

**Bank Reconciliations**

The Clerk did not prepare accurate monthly reconciliations of bank balances to book balances for all bank accounts. Not all financial information of all accounts was included in the District financial ledger. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which resulted in adjustments for 2015 and 2014 and remained partially undetected and/or uncorrected until the audit.

We recommend the Clerk prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board of Trustees for Trustee review and use in managing the District.

**Management's Response** – All banks were reconciled and balanced. The clerks reports the balance with the receipts and disbursements summaries. The board was informed each time that the bank was reconciled. We have put into place a monthly copy of reconciliations that will be given to each board member.

**Response to Management's Response** – At 2014 year end, the CD and "Flower Fund" accounts did not reconcile and at 2015 year end, the general bank account, savings account, CD, and "Flower Fund" accounts did not reconcile. We noted several other adjusting factors that were removed during the course of the audit and corrected with prior period adjustments to correctly state beginning fund balances.

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-006**

**Material Weakness**

**Management Monitoring for Internal Control**

The District Board has not established effective internal control processes for monitoring of District financial activity. Examples of deficiencies in monitoring controls include the following;

- Accurate bank to book reconciliations were not presented to the Board;
- Financial information and all activity of the “Flower Fund” was not monitored;
- Lack of a review of Annual Financial Report for accuracy prior to submission to AOS.

We recommend the Board establish effective internal control processes and address each of the above noted control weaknesses. This will help the Board effectively monitor the District’s financial position and will aid in the timely detection of errors or irregularities.

**Management’s Response** – All banks were reconciled and balanced. The clerks reports the balance with the receipts and disbursements summaries. The board was informed each time that the bank was reconciled. We have put into place a monthly copy of reconciliations that will be given to each board member.

**Response to Management’s Response** – At 2014 year end, the CD and “Flower Fund” accounts did not reconcile and at 2015 year end, the general bank account, savings account, CD, and “Flower Fund” accounts did not reconcile. We noted several other adjusting factors that were removed during the course of the audit and corrected with prior period adjustments to correctly state beginning fund balances.

**FINDING NUMBER 2015-007**

**Material Weakness**

**Billing Service**

The District contracted two service organizations to provide billing services during the audit period. Gordon Pittenger was contracted to provide for the processing of ambulance billings at a fee of 6% of the ambulance run receipts until March of 2015. Robinaugh EMS was contracted to provide billing service at a fee of 10% of the ambulance run receipts beginning in March 2015. The District had not established procedures to determine whether either of these service organizations has sufficient controls in place and operating effectively to reduce the risk of ambulance run services and billings not being completely and accurately processed in accordance with the ambulance service and billing contract.

The District should help assure the completeness and accuracy (including eligibility and allowability) of ambulance run services and billings processed by its third-party administrator. Statement of Auditing Standards for Attestation Engagement (SSAE) No. 16, as amended, prescribes standards for reporting on service organizations. An unqualified SOC 1 Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness in accordance with SSAE No. 16 should provide the District with reasonable assurance ambulance run transactions conform to the contract.

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-007 (Continued)**

**Billing Service (Continued)**

By not obtaining a SOC-1 report for Gordon Pittenger or Robinaugh EMS, the District does not have assurances over whether or not the service organization has proper controls in place and if they are effective.

We recommend that the District request an annual report from Robinaugh EMS under Statement of Auditing Standards on Reporting on Controls Placed in Operation and Effectiveness of a Service Organization Control covering the District's claims processing system. In the event that the service organization does not agree to have the reporting on the control report prepared, as an alternative the District should have qualified consultants, selected by the District, perform procedures to test the adequacy of the internal controls over the claims processing system.

**Management's Response** – This has been discussed with the billing company, however it is an issue with his organization to come up with \$12,000 to 20,000 for the cost of the programs. Robinaugh EMS does nearly all of the billing for each of the EMS groups and they don't have an issue with the information given to them, nor have their auditors.

**INDIAN LAKE EMS JOINT AMBULANCE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2013-001	Posting Receipts and Disbursements	No	Repeated as 2015-001
2013-002	Ohio Rev. Code Section 117.38 – Publishing Financial Report	No	Repeated as 2015-002
2013-003	Numerous Ohio Rev. Code Violations Including Budgetary Issues	No	Repeated as 2015-003
2013-004	Billing Service Reconciliations	No	Repeated as 2015-004
2013-005	Bank Reconciliations	No	Repeated as 2015-005
2013-006	Management Monitoring Internal Control	No	Repeated as 2015-006
2013-007	Billing Service	No	Repeated as 2015-007

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# Dave Yost • Auditor of State

INDIAN LAKE EMS JOINT AMBULANCE DISTRICT

LOGAN 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  
OCTOBER 25, 2016