



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

Southeastern Hardin Ambulance District
Hardin County
PO Box 85
Mt Victory, OH 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, 2019 and 2018.

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, 2019 and 2018.

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.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code § 9.22** states "No political subdivision may hold or utilize a debit card account, except for law enforcement purposes. Possession or use of a debit card account by a political subdivision except for law enforcement purposes is a violation of section [2913.21](#) of the Revised Code." The District utilized a debit card during 2019 and 2018. The District should stop using a debit card.
2. **Ohio Rev. Code §117.38** states, in part, that each public office, shall file a financial report for each fiscal year with the Auditor of State within sixty days after the close of the fiscal year. Any public office, that does not file its financial report at the time required by this section shall pay to the auditor of state twenty-five dollars for each day the report remains unfiled after the filing date; provided, that the penalty payments shall not exceed the sum of seven hundred fifty dollars.

In addition, the failure to file the financial report by the due date may result in the District not being eligible for reduced audit procedures in the future, such as a basic or agreed upon procedures. The 2018 financial report was due to be filed on March 1, 2019 but was not filed until June 11, 2020. The 2019 financial report was due to be filed on March 2, 2020 but was not filed until June 16, 2020.

The District's Board should monitor the filing of the annual financial report to ensure it is completed by the required date.

Current Year Observations (Continued)

3. **Ohio Rev. Code § 149.43(B)(2)** requires “a public office to have available a copy of its current records retention schedule at a location readily available to the public.” The District did not have a records retention schedule. The District should adopt a records retention schedule and post it in a location that is available to the public.

4. **Ohio Rev. Code § 149.43(E)(2)** states, in part, that all public offices “shall adopt a public records policy in compliance with this section for responding to public records requests. In adopting a public records policy under this division, a public office may obtain guidance from the model public records policy developed and provided to the public office by the attorney general under section 109.43 of the Revised Code. The public office shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices.” The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site. The District did not have a public records policy. The District should adopt a public records policy and post it in a location that is available to the public.

5. **Ohio Rev. Code § 5705.36(A)** requires on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor 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. The District did not complete this certification for either 2019 or 2018. As a result the county auditor unable to prepare a certificate of estimated resources for the District. **Ohio Rev. Code § 5705.38(A)** requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. Appropriations were not approved for either 2018 or 2019. The failure to adopt annual appropriations results in disbursements exceeding appropriations which violates **Ohio Rev. Code § 5705.41(B)**

The failure to file the required budgetary documents with the county auditor presents the District from knowing if planned spending is within available resources (beginning unencumbered fund balance plus estimated receipts) which may result in deficit spending.

The District should review the Ohio Compliance Supplement and then develop a checklist of the required budgetary documents and filing dates. The approved estimated receipts and appropriations should be integrated in the accounting system to allow for the monitoring estimated versus actual receipts and disbursements.

6. Bank to Book Reconciliations

The total balances of the District’s checking account, savings account, and two certificates of deposit at December 31, 2019 was \$21,407 which agreed to the fund balance reported on the annual financial statement. However, the District also reported outstanding checks of \$2,327 at December 31, 2019 which were not included in the disbursement activity on the 2019 financial statement. As a result disbursements were understated and the fund balance was overstated by this amount. Throughout 2018 and 2019 bank to book reconciliations were not prepared timely due to errors in previous years which impacted the January 1, 2018 opening fund balance and resulted in the inability to reconcile during 2018 and 2019. The inability to reconcile also resulted in the 2018 and 2019 financial statements not being filed until June 2020.

Current Year Observations (Continued)

The failure to prepare accurate and timely bank to book reconciliations increases the risk that errors and/or irregularities could occur and not be detected in a timely manner. In addition, the failure to reconcile could result in the District being declared un-auditable and/or not being eligible for reduced audit services.

The bank to book reconciliations should include the balances of all accounts, include all reconciling items, and be agreed to the fund balance in the accounting system. Unexplained variances should be investigated and resolved in a timely manner. The Board should review and approve the bank to book reconciliations each month. In addition, the annual financial statement should be reviewed to ensure all activity is included and that the fund balance agrees to the bank to book reconciliation. Also old outstanding checks should be investigated and either voided or voided and reissued.

7. Approval of Adjustments to Billing Runs

Non-cash adjustments to accounts were approved and billed by the third party emergency medical service billing company used by the District. An adjustment report was then provided to the Clerk. There was no evidence that these adjustments were presented to the Board for review and approval.

To reduce of the risk of errors and/or irregularities, the adjustment report provided by the billing company should be presented to the Board for review and approval.

8. Credit Card Policy

Although credit cards were not used, the District adopted a credit card policy. However, this policy did not include the requirements of **House Bill 312**. Prior to using credit cards, the District should modify the credit card policy to comply with House Bill 312. Auditor of State Bulletin 2018-003 can be utilized when modifying the policy.

9. Board Members and Organizational Document

The District has stated that it is to be governed by a four-member Board of Trustees appointed by the Village of Mount Victory, the Village of Ridgeway, Hale Township, and Taylor Creek Township. 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 did not have a representative from the Village of Mount Victory on its Board. In addition, the District was unable to provide a copy of the legal document creating the District.

The failure to have a complete Board of Trustees and to maintain a copy of the organizational 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 ensure that it has a representative from all member entities and should obtain a copy(s) of the organizational documents(s) from the political subdivisions that established the District. The document(s) should then be maintained by the District for future reference. If these documents are not available, the District should work with its legal representation to prepare the appropriate organizational document(s).

Current Year Observations (Continued)

10. Employee Versus Independent Contractor

The individuals responsible for the operations of the District are not considered employees and were issued 1099's at year-end. However, the District did not obtain a ruling from the Internal Revenue Service (IRS) and the Ohio Public Employees Retirement System (OPERS) as to whether on the positions of fiscal office and EMTs should be classified as employees or independent 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 its legal counsel, the IRS, and OPERS 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, the IRS, and OPERS to how to handle previously unpaid payroll taxes and retirement system contributions.

Current Status of Matters Reported in our Prior Engagement

11. In addition to the matters reported as observations 1, 4, 5, 6, 7, 8 and 9 our prior audit for the years ended December 31, 2017 and 2016, there was an observation for the lack of debit card expenditure support and for the review of charge detail reports from the third party emergency medical service billing company that will not be repeated



Keith Faber
Auditor of State
Columbus, Ohio

July 29, 2020

OHIO AUDITOR OF STATE KEITH FABER



SOUTHEASTERN HARDIN AMBULANCE DISTRICT

HARDIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/13/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov