



OHIO AUDITOR OF STATE
KEITH FABER



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Southeastern Hardin Ambulance District
Hardin County
P.O. Box 85
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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, 2021 and 2020.

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, 2021 and 2020.

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 held a debit card during 2021 and 2020 which was used in 2020. The District should stop using a debit card.
2. **Ohio Rev. Code § 121.22(F)** states, in part, that every public body, by rule, shall establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings. The District did not establish a method of notifying the public of when and where the regular meetings were held for 2021 and 2020.
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.

Current Year Observations (Continued)

- 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 2020. As a result the county auditor was 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 2020. 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 prevents 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 into the accounting system to allow for the monitoring of estimated versus actual receipts and disbursements.

- 6. Ohio Admin. Code § 117-2-02** requires, in part, that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements, and prepare financial statements required by rule 117-2-03 of the Administrative Code. All local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following: (1) Cash journal, which typically contains the following information: the amount, date, receipt number, check or electronic fund transfer number, account code, purchase order number, and all other information necessary to properly classify the transaction; (2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger; and (3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check or electronic fund transfer number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns. All local offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The District did not maintain a cash ledger or receipt ledger for 2021 and 2020. In addition, the appropriations ledger did not include all required information. The failure to prepare and maintain the required accounting system prevents the Clerk and Board from having current knowledge of the activity and balances of the District, increases the risk of errors and/or irregularities that may not be detected in a timely manner, and may result in the material misstatement of the annual financial statements. The Clerk and Board should review the Ohio Administrative Code § 117-2-02 and then develop and implement the required accounting system.

Current Year Observations (Continued)

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

The District adopted a credit card policy. However, this policy did not include the requirements of **Ohio Rev. Code § 9.21**. Prior to using credit cards, the District should modify the credit card policy to comply with **Ohio Rev. Code § 9.21**. Auditor of State Bulletin 2018-003 can be utilized when modifying the policy.

9. 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 was unable to provide a copy of the legal document creating the District.

The failure 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 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).

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.

Current Year Observations (Continued)

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.

We will refer this matter to the Internal Revenue Service and the Ohio Public Employees Retirement System.

11. Payment of Late Fee

The District failed to pay a documentation fee of \$400, due in 2018, on a 2017 debt agreement for the purchase of an ambulance. As a result, in 2020 when the documentation fee was paid, a late fee of \$34.46 was charged to the District. The payment of late fees is an inefficient use of resources and if significant could result in findings for recovery against those responsible for the late fee.

Current Status of Matters Reported in our Prior Engagement

In addition to the matters reported as observations 1, 3, 4, 5, 7, 8, 9, and 10, the prior basic engagement also reported that the District did not file the required financial report for each year, did not prepare timely bank to book reconciliations and outstanding checks at December 31, 2019 were not included as disbursements in the annual financial report, and that the board did not include the required representative from the Village of Mount Victory. These matters were corrected during the current engagement period.



Keith Faber
Auditor of State
Columbus, Ohio

July 26, 2022

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 8/9/2022

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