

Scioto Ambulance District
Regular Audit
For the Years Ended December 31, 2015 and 2014



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Dave Yost • Auditor of State

Board of Trustees
Scioto Ambulance District
57 Baker St
McDermott, OH 45652

We have reviewed the *Independent Auditor's Report* of the Scioto Ambulance District, Scioto County, prepared by Millhuff-Stang, CPA, Inc., 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 Scioto 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

May 15, 2017

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Scioto Ambulance District
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For the Years Ended December 31, 2015 and 2014

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Independent Auditor's Report

Scioto Ambulance District
57 Baker Street
McDermott, Ohio 45652

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 Scioto Ambulance District, Scioto 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.

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

As described in Note 1 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 thereof 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 Scioto Ambulance District, Scioto 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 1.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the District has a deficit cash balance at December 31, 2015. Note 10 describes management's plans regarding this matter. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on these financial statements.

Scioto Ambulance District
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017, on 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.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

February 23, 2017

Scioto Ambulance District
*Statement of Cash Receipts, Cash Disbursements and
 Changes in Fund Cash Balance*
 Governmental Fund Type
 For the Years Ended December 31, 2015 and 2014

	General Fund	
	2015	2014
Cash Receipts:		
Property and Other Local Taxes	\$152,504	\$151,519
Charges for Services	155,376	165,883
Intergovernmental	26,411	46,586
Miscellaneous	0	24,083
Earnings on Investments	255	806
Total Cash Receipts	334,546	388,877
Cash Disbursements:		
Current Disbursements:		
Public Safety	421,876	438,399
General Government	11,220	28
Debt Service:		
Principal	0	33,373
Interest and Fiscal Charges	0	896
Total Cash Disbursements	433,096	472,696
Excess of Cash Receipts Under Cash Disbursements	(98,550)	(83,819)
Other Financing Receipts:		
Other Financing Sources	465	1,184
Total Other Financing Receipts	465	1,184
Net Change in Fund Cash Balance	(98,085)	(82,635)
Fund Cash Balance, January 1	97,552	180,187
Fund Cash Balance, December 31:		
Assigned	0	41,772
Unassigned (Deficit)	(533)	55,780
Fund Cash Balance, December 31	(\$533)	\$97,552

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

Scioto Ambulance District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Scioto Ambulance District, Scioto County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. The District is made up of four participating entities: Morgan Township, Otway Village, Rush Township, and Brush Creek Township. Each township within the District appoints one member to the Board. The District provides rescue services within the District.

The District's management believes these financial statements present all activities for which the is financially accountable

Accounting Basis

This financial statement follows 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).

This statement includes 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.

Deposits

The District has one checking account.

Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its fund in the following type:

General Fund – The General Fund reports all financial resources except those required to be accounted for in another fund. The District reports only the General Fund.

Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Scioto Ambulance District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be appropriated. The District did not encumber all commitments required by Ohio law.

A summary of the 2015 and 2014 budgetary activity appears in Note 3.

Fund Balances

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

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

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 is imposed by law through constitutional provisions.

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.

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 the District Trustees or a District official delegated that authority by resolution, or by State statute.

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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

Scioto Ambulance District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Equity in Pooled Cash

The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2015	2014
Demand Deposits	(\$533)	\$97,552

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$346,510	\$335,011	(\$11,499)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$471,490	\$500,499	(\$29,009)

Budgetary activity for the year ending December 31, 2014 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$369,566	\$390,061	\$20,495

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$514,468	(\$514,468)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$514,468 for the year ended December 31, 2014 as a result of the District not passing their annual appropriation measure for 2014.

Note 4 – Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the District Board 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

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

Note 5 – Defined Benefit Pension Plan and Postemployment Benefits

Ohio Public Employees Retirement System

The District's employees belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-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, the OPERS member contributed 10% of their gross salary and the District contributed an amount equaling 14%, of the participant's gross salary. The District has an outstanding balance of \$4,827 of contributions required through December 31, 2015.

Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 6 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Scioto Ambulance District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 6 – Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$5,531,637	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Contingent Liabilities

The District is not currently party to any litigation.

Note 8 – Compliance

The District did not properly encumber funds prior to commitment, which is contrary to Ohio Revised Code Section 5705.41(D).

The District did not adopt annual appropriations in a timely manner, which is contrary to Ohio Revised Code Section 5705.38(A).

The District had appropriations in excess of estimated resources, which is contrary to Ohio Revised Code Section 5705.39.

The District had disbursements in excess of appropriations, which is contrary to Ohio Revised Code Section 5705.41(B).

The District had outstanding balances in payroll taxes, which is contrary Internal Revenue Code (IRC) Chapter 26 Sections 3401, 3402, 3403, 3404, 3405, and 3102(a).

Note 9 – Outstanding Balances

The District had outstanding balances for payroll tax withholdings and employer payroll taxes in the amount of \$32,671 at December 31, 2015, including \$1,906 from 2014.

Note 10 – Financial Condition

The District is experiencing decreasing fund balances during the audit period and has outstanding balances (See Note 9). The District is monitoring operations and expenditures to address this condition.

Note 11 – Debt

The District entered into a lease purchase agreement on October 25, 2011 in the principal amount of \$97,500 at an interest rate of 2.65% for the purpose of acquiring an ambulance. This lease purchase agreement was paid off in 2014.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

Independent Auditor's Report

Scioto Ambulance District
57 Baker Street
McDermott, Ohio 45652

We have audited 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, the financial statements of the Scioto Ambulance District, Scioto 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 February 23, 2017, 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. We also noted that the District has a General fund cash balance deficiency at December 31, 2015. Note 10 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2015-001 through 2015-004, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-005 through 2015-009.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

February 23, 2017

Scioto Ambulance District
Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2015-001

Material Weakness – Financial Reporting

Sound financial reporting is essential to ensure that information provided to the readers of the financial statements is complete and accurate. Accuracy and completeness of financial information is also imperative to ensure that decisions being made are based on adequate data.

Several misclassifications were identified during the course of the audit. These items required adjustment to the financial statements.

Lack or failure of controls over the recording of financial transactions and preparation of financial reports can result in errors or irregularities that may go undetected by management and decreases the reliability of financial information throughout the year.

The District should implement procedures to ensure that financial information is accurately and completely recorded and that financial reports are properly prepared.

District’s Response:

Scioto Ambulance District is aware and will correct.

Finding Number 2015-002

Material Weakness – Bank Reconciliations

Having sound internal control procedures in place over the reconciliation process is essential to ensure the District’s cash balances are accurate. The District utilizes the UAN accounting system which provides all of the required journals and ledgers. The UAN software also includes a monthly reconciliation process to assist the District Fiscal Officer in the monthly book to bank reconciliation. However, the monthly reconciliations included in the accounting records were not accurate. The District was not reconciled throughout the audit period as there were receipts and disbursements not posted to the system, entries double-booked, and uncorrected errors. There were also items within the outstanding check listing that had cleared before year end for 2014 and 2015. The District engaged Local Government Services to reconcile the District’s books. The District’s system should be updated to account for the errors identified in the reconciliation engagement. The District should also reconcile each month throughout the year to assure all transactions were posted to the system and assure the outstanding check listing is updated for items that have cleared.

District’s Response:

Scioto Ambulance District did correct reconciliation starting in year 2016 with the assistance of the State auditor’s office.

Scioto Ambulance District
Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

Finding Number 2015-003

Material Weakness – Budgetary Information Within UAN

Accurate budgetary information within the District’s accounting system is pertinent to ensure that the District has accurate and complete information for decision-making processes. We noted variances in 2014 and 2015 between approved estimated resources and the budgeted information within the accounting system. We also noted a variance in 2014 between approved appropriations and the budgeted information within the accounting system. Failure to properly maintain budget information within the accounting system could result in adverse implications as decisions by management and the Board may be based on this misinformation. The District should implement the appropriate procedures, such as periodic comparison of authorized budgetary documents to the accounting system, to ensure budgetary information is accurate, complete, and current.

District’s Response:

Scioto Ambulance District will correct and be aware in future.

Finding Number 2015-004

Material Weakness – Payroll Controls

Sound payroll controls are the responsibility of the fiscal officer and the District Board and are essential to ensure the accuracy of payments made to employees and to Federal, State and Local agencies as well as to ensure accurate and timely reporting to Federal, State and Local agencies.

District policies and procedures direct employees to sign their electronically stamped timecard, transfer the hours from a timecard to a time summary, and then sign the time summary for accuracy. However, payroll testing revealed the following conditions:

- Some timecards had no signatures and some timecards had no summaries attached. Certain time summaries were not signed. Several timecards were also identified where the time could not be read on certain timecards due to double electronic punches. Handwritten timecards were also noted.
- Employees signed off on their own timecard or timesheet and in some instances no supervisory review or approval is documented via signatures or initials.
- Payments to hourly employees included time for the day the check was issued. As a result of the payment dates, employees submitted their timecards before they completed the pay period which resulted in an inability to determine actual hours worked.
- There were several instances identified where District employees were required to work hours that are not regularly scheduled. The District had no formal process for reporting and approving these hours, and employees self-reported these hours on their timecard summary. This could result in the abuse and inability to verify overtime hours.
- The Scioto Ambulance District Handbook and Disciplinary Grid addresses items such as holidays, payment for overtime, vacation, and wages and was to apply uniformly to all employees of the Scioto Ambulance District. We could not determine if certain sections of the handbook and disciplinary grid were being followed and consistently applied by District management.

These conditions could result in inaccurate employee compensation. The accumulative impact of the issues above have the potential to materially misstate the financial statements.

Scioto Ambulance District
Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

Finding Number 2015-004 (continued)

We make the following recommendations:

- We recommend a formal process be developed for the use of the time clock and timecards which should include requiring the signature of the employee evidencing the work performed and the signature of a supervisory official to evidence review and approval of the time worked prior the payment for work performed being made.
- We recommend support be maintained and kept on file for all amounts paid relating to payroll disbursements.
- We recommend a formal review process be put in place to monitor payroll expenditures.
- We recommend a lag time or delay in payment be implemented to ensure all hours in which payment is being paid have been worked and approved by a supervisory official at the time a paycheck is written and issued.
- We recommend that payroll checks not be issued which are not supported by accurately prepared and completed timecards which are submitted by the employee and approved by a supervisory official.
- We recommend the District adopt a formal policy clearly identifying what does and does not constitute overtime. We further recommend that formal policies and procedures be implemented for the reporting, review and approval of overtime related items such as meetings or back up runs. These policies and procedures should include maintaining formal documentation to evidence occurrence, attendance, review, and approval.
- We recommend due care be used when entering standing pay rates into the accounting system and we further recommend a control procedure be put in place to ensure pay rates are being reviewed for accuracy.
- We recommend policies and procedures be implemented for the use of the time card system which include procedures on how to address the following: missing punches on timecards, hand written times on timecards, and double punched and unreadable punches on timecards.
- We recommend the Handbook and Disciplinary Grid be reviewed and revised to clearly identify the processes, terms, and conditions followed by the District.
- We recommend the Board adopt policies and procedures, including timely reviews of the UAN payroll accounting system, payroll reports, and payroll checks to identify and correct errors or omissions.

District's Response:

Scioto Ambulance District is aware and either has corrected or is in the process of correcting issues.

Finding Number 2015-005

Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. The District had appropriations in excess of estimated resources in 2015. The District should implement the appropriate procedures, such as periodic comparisons of estimated resources to appropriations, to ensure that appropriations are limited to estimated resources to ensure improper spending does not occur.

Scioto Ambulance District
Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

Finding Number 2015-005 (continued)

District's Response:

Scioto Ambulance District is aware and will correct.

Finding Number 2015-006

Noncompliance – Disbursements in Excess of Appropriations

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. In 2014 and 2015, actual disbursements exceeded appropriations throughout the audit period and at year-end as the District did not file appropriations with the county in a timely manner. 2014 appropriations were not filed with the County until December 30, 2014, and 2015 appropriations were not filed with the County until November 19, 2015. In addition, 2014 appropriations were not passed by the Board, and 2015 appropriations were not approved by the Board until December 23, 2015. This could and did result in overspending and negative fund balances if not monitored. The District should monitor financial activity to ensure their expenditures do not exceed the amount appropriated.

District's Response:

Scioto Ambulance District is aware and will correct.

Finding Number 2015-007

Noncompliance – Proper Encumbrance of Funds

Ohio Rev. Code Section 5705.41 (D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Scioto Ambulance District
Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

Finding Number 2015-007 (continued)

Purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

3. Super Blanket Certificate - The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District did not timely adopt or file its appropriations measures for 2014 or 2015. As a result, encumbrances prepared for expenditures were not valid until adoption and filing with the County Auditor. In addition, we noted instances where purchase orders prepared to encumber funds were not prepared timely.

Failure to certify the availability of funds properly can and did result in overspending funds and negative cash fund balances.

Unless the District uses the exceptions noted above, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the funds are or will be available prior to obligation. When prior certification is not possible, "then and now" certification should be used.

We recommend the Board of Trustees approve permanent appropriations and the fiscal officer file appropriations with the County Auditor's Office. We further recommend the District officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Revised Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the District incurs the commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation. We further recommend the District maintain all purchase orders on file for future reference.

District's Response:

Scioto Ambulance District is aware and will correct.

Finding Number 2015-008

Noncompliance – Payroll Taxes

Internal Revenue Code (IRC) Chapter 26 Sections 3401, 3402, 3403, 3404, 3405, and 3102(a) require the employing government to withhold federal, state, and local income and employment related taxes (such as Medicare). They also require the government to report and remit those tax matters to the appropriate tax authorities and to the recipients. During payroll testing, we noted that the District did not pay payroll tax withholdings or employer payroll taxes in 2015. We identified an outstanding balance at December 31, 2015 of \$26,637 relating to federal income tax, Social Security tax and Medicare withholdings and employer payroll taxes not remitted to the federal government. We also identified an outstanding balance at December 31, 2015 of \$6,034 (including a balance of \$1,906 from 2014) relating to state income tax withholdings. This could result in significant charges for fines, penalties and interest being incurred by the District. The Board should adopt policies and procedures to ensure that withholding payments and withholding reports are remitted timely, and support should be maintained on file to evidence performance. We further recommend the Fiscal Officer and District contact the Internal Revenue Service (IRS) to resolve the outstanding balances owed.

Scioto Ambulance District
Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

Finding Number 2015-008 (continued)

District's Response:

Scioto Ambulance District will correct for future if any issues with taxes. Will also adopt policies and procedures to follow.

Finding Number 2015-009

Noncompliance – Adoption of Appropriation

Ohio Revised Code Section 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. The District did not adopt its annual appropriations in a timely manner for 2014 and 2015. 2014 appropriations were not passed by the Board and 2015 appropriations were not approved by the Board until December 23, 2015. The District should implement the appropriate procedures to ensure that appropriations/estimated resources are passed in a timely fashion, and filed with the County.

District's Response:

Scioto Ambulance District has corrected this issue in 2016.

Scioto Ambulance District
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; <i>Explain</i>
Finding 2013-001	Noncompliance Citation – Expenditures in Excess of Appropriations	No	Reissued as finding 2015-006
Finding 2013-002	Noncompliance Citation – Appropriation Measure	No	Reissued as finding 2015-009
Finding 2013-003	Noncompliance Citation – Payroll Withholdings	No	Reissued as finding 2015-008
Finding 2013-004	Noncompliance Citation – Disbursements Not Properly Encumbered	No	Reissued as finding 2015-007
Finding 2013-005	Material Weakness – Budgetary Controls	No	Reissued as finding 2015-003
Finding 2013-006	Material Weakness – Reconciliation Process	No	Reissued as finding 2015-002
Finding 2013-007	Material Weakness – Payroll Controls	No	Reissued as finding 2015-004
Finding 2013-008	Material Weakness – Financial Statement Reporting	No	Reissued as finding 2015-001
Finding 2013-009	Noncompliance – Finding for Recovery – Darren Smith	Yes	
Finding 2013-010	Noncompliance – Finding for Recovery – Stephanie Phipps	Yes	
Finding 2013-011	Noncompliance – Finding for Recovery – Michael Miller	Yes	
Finding 2013-012	Noncompliance – Finding for Recovery – Timothy Phipps	Yes	
Finding 2013-013	Noncompliance – Finding for Recovery – John Redoutey	Yes	
Finding 2013-014	Noncompliance – Finding for Recovery Repaid Under Audit – Gary Reynolds	Yes	
Finding 2013-015	Noncompliance – Finding for Recovery Repaid Under Audit – Ralph Carver	Yes	
Finding 2013-016	Noncompliance – Finding for Recovery – Stephanie Jones	Yes	



Dave Yost • Auditor of State

SCIOTO AMBULANCE DISTRICT

SCIOTO 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 25, 2017