

**MISSOURI VALLEY AMBULANCE SERVICE**  
CHAMBERLAIN, SOUTH DAKOTA 57325

**AUDIT REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2018

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 247  
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MISSOURI VALLEY AMBULANCE SERVICE  
Chamberlain, South Dakota  
December, 31 2018

NAME OF BOARD OF DIRECTORS & ADDRESS:

Monte Claussen	1111 S. Courtland St.	Chamberlain, SD
Gary Dozark	26630 351 <sup>st</sup> Ave.	Pukwana, SD
Bill Harmon	PO Box 162	Oacoma, SD
Donald McManus	32658 SD Hwy 248.	Reliance, SD
Jerry Wingert	622 Main St.	Pukwana, SD

DIRECTOR

Katheryn Benton

*Schoenfish & Co., Inc.*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AN ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Missouri Valley Ambulance Service  
Chamberlain, South Dakota

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 modified cash basis of accounting financial statements of the Missouri Valley Ambulance Service of Chamberlain, South Dakota (entity), as of December 31, 2018 and for the year then ended, and the related notes to the financial statements, which collectively comprise Missouri Valley Ambulance Service's basic financial statements, and have issued our report thereon dated January 21, 2020.

Internal Control Over Financial Reporting

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

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. However, as described in the accompanying Schedule for Current Audit Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as item 2018-001 to be a material weakness.

### Compliance and Other Matters

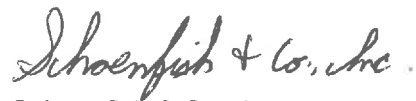
As part of obtaining reasonable assurance about whether the entity's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 Current Audit Findings as item 2018-002.

### Missouri Valley Ambulance Service's Response to Findings

The entity's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The entity'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

This 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 and opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Schoenfish & Co., Inc.  
Certified Public Accountants  
January 21, 2020

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2018-001:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This is the first audit in which a similar comment has occurred.

Criteria:

Proper preparation of records results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Condition:

The following deficiencies in internal accounting control and record keeping were noted:

- a. The director should monitor the call information to ensure that the billing agent is accurately reporting.
- b. The joint powers board should approve all account write-offs.
- c. A listing of all accounts receivable should be made available from the ambulance billing service.
- d. A perpetual supply inventory system should be implemented. This should track all purchases and subsequent uses. This may include an inventory of supplies in each ambulance. This could be a checklist inventory which would note the normal inventory, what was used, and what was replenished. If items are donated or used for training, this should be noted and approved by the board.
- e. Call logs should be initiated by the EMT or Paramedic in charge of the response. All respondents should sign call logs that they respond to. Other people should not sign call logs for other respondents.
- f. Several payroll concerns were noted including:
  1. Payroll should never be paid prior to the end of the payroll period.
  2. Each employee should fill out his or her timecard and sign them at the end of the pay period.
  3. The director should review the timecards but should not complete the timecards for other employees.
  4. All timecards should contain sufficient detail so call logs can be matched to each person's timecard and active time can be properly substantiated for the employee's wages.
  5. All monthly payroll schedules must be maintained on file so that they can be matched to the time sheets to the actual payroll that is paid.
  6. If there's a refusal of care, this should be documented on each person's timesheet so that calls can be tracked.
  7. Instances were noted where employees recorded calls on timesheets but did not sign the call log and vice versa.

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

8. There were also instances noted where active time was recorded on the timesheet during a call, but the employee did not sign the timesheet and timesheets did not adequately document the activity completed to substantiate payment for an active wage rate. On several occasions an employee would be listed on the schedule as on call and have active time on the timesheet, but social media posts made it appear that the employee was not in Chamberlain.

Effect:

As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties, and improper records were maintained for the Missouri Valley Ambulance Service.

Recommendations:

1. We recommend that all necessary accounting records be established and properly maintained.
2. We also recommend that stronger internal controls be implemented for the payroll function.

Management's Response:

The Missouri Valley Ambulance Service, Chairman, Jerry Wingert is the contact person responsible for the corrective action plan for this comment. We will attempt to be more accurate and complete when preparing the financial statements and obtain sufficient expertise to do so.

Compliance – Related Findings:

Finding Number 2018-002:

An audit has not been performed for the Missouri Valley Ambulance Service at least once every two years. This is the first audit in which a similar comment has occurred.

Criteria:

SDCL 1-24-19 states in part "The joint entity shall follow all statutory requirements for public notice of meetings, publication of minutes, open meetings, the letting of public contracts, conflict of interest, disposal of surplus property, and audits."

Condition:

The Missouri Valley Ambulance Service was formed with a joint powers agreement in 1997. An audit has not been performed since the formation.

Effect:

Without an annual or biannual audit completed, SDCL and the joint powers agreement were not in compliance.

Recommendation:

3. We recommend that the Missouri Valley Ambulance Service have yearly or biannual audits.

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

Management's Response:

The Missouri Valley Ambulance Service, Chairman, Jerry Wingert, is the contact person responsible for the corrective action plan for this comment. The Municipality will be more careful to follow the compliance requirements as set forth by SDCL 1-24-19 and the joint powers agreement.

CLOSING CONFERENCE

The audit findings and recommendations were discussed with the Joint Powers Board, the District Board, and Director on January 29, 2020.

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INDEPENDENT AUDITOR'S REPORT

Governing Board  
Missouri Valley Ambulance Service  
Chamberlain, South Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis of accounting financial statements of the Missouri Valley Ambulance Service of Chamberlain, South Dakota, (entity) as of December 31, 2018, and for the year then ended, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The entity's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Missouri Valley Ambulance Service as of December 31, 2018, and the respective changes in financial position, modified cash basis, where applicable, thereof for the year in the period then ended in conformity with accounting principles generally accepted in the United States of America with the basis of accounting described in Note 1.c.

Basis of Accounting

We draw attention to Note 1.c. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2020 on our consideration of the entity'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 entity's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.  
Certified Public Accountants  
January 21, 2020

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**MISSOURI VALLEY AMBULANCE SERVICE**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**December 31, 2018**

	<b>Ambulance Fund</b>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	34,390.24
<b>TOTAL ASSETS</b>	<b>34,390.24</b>
<b>NET POSITION:</b>	
Unrestricted Net Position	34,390.24
<b>TOTAL NET POSITION</b>	<b>34,390.24</b>

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

**MISSOURI VALLEY AMBULANCE SERVICE  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUND  
For the Year Ended December 31, 2018**

	<b>Ambulance Fund</b>
<b>Operating Revenue:</b>	
Charges for Goods and Services	269,919.43
Total Operating Revenue	269,919.43
<b>Operating Expenses:</b>	
Personal Services	187,621.59
Other Current Expense	147,728.14
Capital Assets	82,292.42
Total Operating Expenses	417,642.15
Operating Income (Loss)	(147,722.72)
<b>Nonoperating Revenue (Expense):</b>	
Donations	30,762.40
Interest	44.51
Contributions from Missouri Valley Amulance District	100,000.00
Contributions from Other Governmental Entities	30,776.00
Total Nonoperating Revenue (Expense)	161,582.91
Change in Net Position	13,860.19
Net Position - Beginning	20,530.05
<b>NET POSITION - ENDING</b>	<b>34,390.24</b>

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

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NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.c, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

a. Financial Reporting Entity:

Missouri Valley Ambulance Service (the entity) is organized under the authority of, and in compliance with, Chapter 1-24-19 of the South Dakota Codified Laws. The entity was created in 1997 as an administrative entity pursuant to the joint powers agreement provided by the Missouri Valley Ambulance District.

The purpose of the entity, as stated in the joint powers agreement, is to establish and collect fees for the operation of the ambulance service, develop and implement policies and plans for operations, and hire a manager to oversee the day to day operation

The principal place of business of the entity is Chamberlain, SD. The entity is governed by an elected Board of Directors consisting of five directors. The entity's members are Brule County, Municipality of Pukwana, Municipality of Chamberlain, Lyman County and the Municipality of Oacoma. The entity has no taxing powers and has no power to levy assessments. The Missouri Valley Ambulance District is the taxing district that created the Missouri Valley Ambulance Service and provides funding when the need arises. The District board approves the decisions of the Service board.

b. Basis of Presentation:

Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
- b. Laws or regulations require that the activity's cost of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service.)

The fund of the financial reporting entity are described below:

Ambulance Fund – this fund accounts for the operation of the municipal ambulance services and related costs. This is a major fund.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(continued)

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The entity's basis of accounting is the modified cash basis, which is a basis of accounting other than USGAAP. Under USGAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis, transactions are recorded when cash is received or disbursed.

d. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

e. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified as operating or non-operating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

f. Equity Classifications:

Equity is classified as net position and is displayed in one component.

1. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

g. Application of Net Position:

It is the entity's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits –Cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(continued)

Investments – In general, SDCL 4-5-6 permits the entity's funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of December 31, 2018, the entity did not have any investments.

Credit Risk – State law limits eligible investments for the entity, as discussed above. The entity has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The entity places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk – The entity does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making investment. The entity's policy is to credit all income from deposits and investments to the fund making the investment.

### 3. SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2018, the entity was not involved in any significant litigation.

### 4. RISK MANAGEMENT

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2018, the entity managed its risks as follows:

Liability Insurance:

The entity purchases liability insurance for risks from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The entity purchases liability insurance for risks from a commercial carrier.

Unemployment Benefits:

The entity provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.