



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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PAINT CREEK JOINT EMERGENCY MEDICAL
SERVICES/FIRE DISTRICT
HIGHLAND COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2013 and 2012
Fiscal Years Audited Under GAGAS: 2013 and 2012



Dave Yost • Auditor of State

Board of Trustees
Paint Creek Joint Emergency Medical Services/Fire District
640 North Washington Street
Greenfield, Ohio 45123

We have reviewed the *Independent Auditor's Report* of the Paint Creek Joint Emergency Medical Services/Fire District, Highland County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Paint Creek Joint Emergency Medical Services/Fire 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

August 15, 2014

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Paint Creek Joint Emergency Medical Services/Fire District
Highland County
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Independent Auditor's Report

Paint Creek Joint Emergency Medical Services/Fire District
Highland County
640 North Washington Street
Greenfield, Ohio 45123

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Paint Creek Joint Emergency Medical Services/Fire District, Highland County, (the District), as of and for the years ended December 31, 2013 and 2012.

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 opinion.

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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, 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 combined cash balances of Paint Creek Joint Emergency Medical Services/Fire District, Highland County, as of December 31, 2013 and 2012, and its combined 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, on our consideration of the District's internal control over financial reporting and on 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 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 Standard* in considering the District's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 25, 2014

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Type		
	General Fund	Special Revenue Funds	Total Governmental Funds
Cash Receipts:			
Property Taxes	\$ 1,543,736	\$ -	\$ 1,543,736
Intergovernmental	259,486	142,256	401,742
Charges for Services	480,601	-	480,601
Earnings on Investments	2,847	-	2,847
Miscellaneous	19,953	-	19,953
	<u>2,306,623</u>	<u>142,256</u>	<u>2,448,879</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	20,818	-	20,818
Public Safety	1,558,513	179,327	1,737,840
Capital Outlay	180,875	-	180,875
Debt Service:			
Redemption of Principal	68,893	-	68,893
Interest and Fiscal Charges	6,338	-	6,338
	<u>1,835,437</u>	<u>179,327</u>	<u>2,014,764</u>
Total Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements	<u>471,186</u>	<u>(37,071)</u>	<u>434,115</u>
Other Financing Receipts (Disbursements):			
Other Sources	<u>142,131</u>	<u>-</u>	<u>142,131</u>
Total Other Financing Receipts (Disbursements)	<u>142,131</u>	<u>-</u>	<u>142,131</u>
Net Change in Fund Cash Balance	613,317	(37,071)	576,246
Fund Cash Balance, January 1	<u>628,971</u>	<u>69,580</u>	<u>698,551</u>
Fund Cash Balance, December 31			
Restricted	-	32,509	32,509
Assigned	4,639	-	4,639
Unassigned (Deficit)	<u>1,237,649</u>	<u>-</u>	<u>1,237,649</u>
Fund Cash Balance, December 31	<u>\$ 1,242,288</u>	<u>\$ 32,509</u>	<u>\$ 1,274,797</u>

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Type</u>		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Cash Receipts:			
Property Taxes	\$ 632,309	\$ -	\$ 632,309
Intergovernmental	99,189	178,551	277,740
Charges for Services	388,248	-	388,248
Earnings on Investments	2,015	-	2,015
Miscellaneous	1,471	-	1,471
	<u>1,123,232</u>	<u>178,551</u>	<u>1,301,783</u>
Total Cash Receipts			
	<u>1,123,232</u>	<u>178,551</u>	<u>1,301,783</u>
Cash Disbursements:			
Current:			
General Government	6,342	-	6,342
Public Safety	1,308,484	177,323	1,485,807
Capital Outlay	527,073	-	527,073
	<u>1,841,899</u>	<u>177,323</u>	<u>2,019,222</u>
Total Cash Disbursements			
	<u>1,841,899</u>	<u>177,323</u>	<u>2,019,222</u>
Excess of Receipts Over/(Under) Disbursements	<u>(718,667)</u>	<u>1,228</u>	<u>(717,439)</u>
Other Financing Receipts (Disbursements):			
Advances-In	-	68,352	68,352
Advances-Out	(68,352)	-	(68,352)
Other Sources	835,848	-	835,848
	<u>767,496</u>	<u>68,352</u>	<u>835,848</u>
Total Other Financing Receipts (Disbursements)			
	<u>767,496</u>	<u>68,352</u>	<u>835,848</u>
Net Change in Fund Cash Balance	48,829	69,580	118,409
Fund Cash Balance, January 1	<u>580,142</u>	<u>-</u>	<u>580,142</u>
Fund Cash Balance, December 31			
Restricted	-	69,580	69,580
Assigned	2,313	-	2,313
Unassigned (Deficit)	<u>626,658</u>	<u>-</u>	<u>626,658</u>
Fund Cash Balance, December 31	<u>\$ 628,971</u>	<u>\$ 69,580</u>	<u>\$ 698,551</u>

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Paint Creek Joint Emergency Medical Services/Fire District, Highland County, Ohio (the District), as a body corporate and politic. A nine-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the City of Greenfield and Paint, New Market, Liberty, Washington, Jackson and Madison Township in Highland County and Buckskin and Paint Townships in Ross County. The District provides fire and ambulance services to residents within the District, and by mutual aid agreement to areas outside the District.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The District has one checking account and one savings account.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following fund types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had only one Special Revenue Fund, the Fire and Rescue, Ambulance and EMS Services Fund.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. 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.

3. 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 reappropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The District had no fund balances in this classification.

2. Restricted

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The District had no fund balances in this classification.

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Cash

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

	2013	2012
Demand Deposits	\$1,231,020	\$564,992
Savings Account	<u>43,777</u>	<u>43,559</u>
Total Deposits	<u>\$1,274,797</u>	<u>\$698,551</u>

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

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2013 and 2012 as follows:

2013 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,867,365	\$ 2,448,754	\$ 581,389
Special Revenue	<u>128,229</u>	<u>142,256</u>	<u>14,027</u>
Total	<u>\$ 1,995,594</u>	<u>\$ 2,591,010</u>	<u>\$ 595,416</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,950,066	\$ 1,840,076	\$ 109,990
Special Revenue	<u>218,175</u>	<u>179,813</u>	<u>38,362</u>
Total	<u>\$ 2,168,241</u>	<u>\$ 2,019,889</u>	<u>\$ 148,352</u>

2012 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,369,720	\$ 1,959,080	\$ 589,360
Special Revenue	<u>185,631</u>	<u>246,903</u>	<u>61,272</u>
Total	<u>\$ 1,555,351</u>	<u>\$ 2,205,983</u>	<u>\$ 650,632</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,123,857	\$ 1,912,564	\$ 211,293
Special Revenue	<u>185,631</u>	<u>178,189</u>	<u>7,442</u>
Total	<u>\$ 2,309,488</u>	<u>\$ 2,090,753</u>	<u>\$ 218,735</u>

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to the following June 20.

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
2012 Pumper & Squad Lease	\$144,107	2.9%
2013 Squad Lease	<u>84,501</u>	3.5%
Total	<u>\$228,608</u>	

The District entered into a lease agreement with Wells Fargo Equipment Finance for the purchase of a pumper truck and ambulance in 2012 and entered into a second lease agreement with Wells Fargo Equipment Finance for the purchase of an ambulance in 2013.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Capital Leases</u>
2014	\$119,708
2015	<u>119,708</u>
Total	<u>\$239,416</u>

6. Retirement Systems

The District's full-time Paramedics and Firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time District employees belong to the Ohio Public Employees Retirement System (OPERS). Part-time District Paramedics and Firefighters pay into Social Security (SS) Retirement. OP&F and OPERS are cost-sharing, multiple-employer plans. 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. From January 1, 2012 through June 30, 2013, OP&F participants contributed 10% of their gross wages, and from July 1, 2013 through December 31, 2013, OP&F participants contributed 10.75% of their gross wages and OPERS members contributed 10% of their gross wages. For 2012 SS participants contributed 4.2% and for 2013, 6.2% of their gross wages. The District contributed to OP&F an amount equaling 24% of full time Paramedic and Firefighter members' wages, 14% of OPERS participants' and 6.2% of SS participants' gross salaries. The District has paid all contributions required through December 31, 2013.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available).

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

8. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

<u>2013 Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Restricted for			
Fire Protection	\$0	\$32,509	\$32,509
Assigned to			
Outstanding Encumbrances	4,639	0	4,639
Unassigned (Deficit)	1,237,649	0	1,237,649
Total Fund Balances	<u>\$1,242,288</u>	<u>\$32,509</u>	<u>\$1,274,797</u>

<u>2012 Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Restricted for			
Fire Protection	\$0	\$69,580	\$69,580
Assigned to			
Outstanding Encumbrances	2,313	0	2,313
Unassigned (Deficit)	626,658	0	626,658
Total Fund Balances	<u>\$628,971</u>	<u>\$69,580</u>	<u>\$698,551</u>

9. Acquisitions from Participating Entities

During 2012 and 2013, the Paint Creek Joint Emergency Medical Services/Fire District contracted with five new townships, Paint, New Market, Liberty, Washington and Jackson townships in Highland County. Upon admission to the District, the Townships remit the cash fund balance of their Fire Fund to the District. The cash received from the contracted entities is recorded as other financing sources.

10. Advances

During 2012 the District advanced \$68,352 from the General Fund to the Fire and Rescue, Ambulance and EMS Services Fund in anticipation of grant funding.

11. Compliance

During 2012 the District had appropriations in excess of estimated resources in the amount of \$20,366 in the Fire and Rescue, Ambulance and EMS Services Fund.



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

Paint Creek Joint Emergency Medical Services/Fire District
Highland County
640 North Washington Street
Greenfield, Ohio 45123

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Paint Creek Joint Emergency Medical Services/Fire District, Highland County, (the District) as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements, and have issued our report thereon dated June 25, 2014, wherein we noted the District followed the financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2013-001 and 2013-002.

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 25, 2014

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

FINDING NUMBER 2013-001

Material Noncompliance/Material Weakness

Ohio Administrative Code Section 117-2-02A directs all public offices to 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 prepare financial statements required by Rule 117-2-03 of the OAC. Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the District's internal controls over financial reporting. Misstatements were identified in the following areas:

- Property tax revenues,
- Intergovernmental revenues,
- Other financing sources,
- Principal payments,
- Capital outlay,
- Advances

All of the above noted adjustments have been posted to the financial statements and to the District's UAN accounting system.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the UAN Manual for guidance on the correct line item to post various receipts and expenditures of the District.

Client Response:

The Fiscal Officer will make the corrections.

FINDING NUMBER 2013-002

Material Noncompliance

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. During 2012 the Fire and Rescue, Ambulance and EMS Services Fund had appropriations in excess of estimated resources in the amount of \$20,366.

The District should take due care in monitoring their budgets to ensure that appropriations are not in excess of estimated resources for any fund. Following the prescribed budgetary laws will help ensure that the District does not incur negative fund balances.

Client Response:

The Fiscal Officer will be more conscientious of budgetary laws.

Paint Creek Joint Emergency Medical Services/Fire District

Highland County

Schedule of Prior Audit Findings

December 31, 2013 and 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-001	Ohio Administrative Code Section 117-2-02A – Sound financial reporting	No	Reissued as 2013-001



Dave Yost • Auditor of State

PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT

HIGHLAND 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
AUGUST 28, 2014**