



OHIO AUDITOR OF STATE
KEITH FABER



**JOINT EMERGENCY MEDICAL SERVICES
WARREN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Joint Emergency Medical Services
Warren County
201 E. Sixth Street
Franklin, Ohio 45005

To the Board of Trustees:

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 Joint Emergency Medical Services, Warren County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

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 such 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 2 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, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Charges for services are reported at \$381,310 and \$389,929 for the years ended December 31, 2018 and 2017, respectively, which are 100 percent of Special Revenue Fund receipts for the year ended December 31, 2018, and 100 percent of Special Revenue Fund receipts for the year ended December 31, 2017. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Joint Emergency Medical Services District, Warren County, as of December 31, 2018 and 2017, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

July 1, 2019

Joint Emergency Medical Services
Warren County
Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$921,582		\$921,582
Charges for Services		381,310	381,310
Intergovernmental	164,321		164,321
Miscellaneous	13,027		13,027
<i>Total Cash Receipts</i>	<u>1,098,930</u>	<u>381,310</u>	<u>1,480,240</u>
Cash Disbursements			
Current Disbursements:			
General Government	1,047,457		1,047,457
Public Safety		214,292	214,292
Human Services	1,213		1,213
Other	25,710		25,710
Capital Outlay	5,546	179,802	185,348
Debt Service:			
Principal Retirement		76,199	76,199
Interest and Fiscal Charges		8,335	8,335
<i>Total Cash Disbursements</i>	<u>1,079,926</u>	<u>478,628</u>	<u>1,558,554</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>19,004</u>	<u>(97,318)</u>	<u>(78,314)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds		179,802	179,802
Other Financing Sources	3,091		3,091
Other Financing Uses	(120)		(120)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,971</u>	<u>179,802</u>	<u>182,773</u>
<i>Net Change in Fund Cash Balance</i>	21,975	82,484	104,459
<i>Fund Cash Balances, January 1</i>	<u>497,211</u>	<u>960,922</u>	<u>1,458,133</u>
Fund Cash Balances, December 31			
Nonspendable	0	0	0
Restricted	0	1,043,406	1,043,406
Committed	0	0	0
Assigned	3,008	0	3,008
Unassigned (Deficit)	516,178	0	516,178
<i>Fund Cash Balances, December 31</i>	<u>\$519,186</u>	<u>\$1,043,406</u>	<u>\$1,562,592</u>

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

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Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Joint Emergency Medical Services, Warren County, (the District) as a body corporate and politic. A two member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Carlisle and Franklin Township. The District provides EMS service within the District and by contract to areas outside the District.

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

Note 2 – Summary of Significant Accounting

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 the following Special Revenue Fund:

EMS Fund This fund accounts for monies received through billings for charges for services.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-203 (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).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-203 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each 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.

Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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 2018 budgetary activity appears in Note 3

Deposits

The District has only one account, a checking account.

Capital Assets

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

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

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:

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 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.

Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,281,823	\$1,102,021	(\$179,802)
Special Revenue	381,309	561,112	179,803
Total	\$1,663,132	\$1,663,133	\$1

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,592,902	\$1,262,856	\$330,046
Special Revenue	1,265,033	298,825	966,208
Total	\$2,857,935	\$1,561,681	\$1,296,254

Note 4 – Deposits

The District maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	\$1,562,592
Total deposits	\$1,562,592

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes Property Taxes

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 the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and omissions.

Note 7 – Defined Benefit Pension Plans

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries and the District contributed an amount equaling 14% percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
Loan - two 2014 Chevy Express Cutaway G4500	\$58,829	3.89%
Lease - 2018 Ford E-450 Ambulance	151,947	3.70%
Total	\$210,776	

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

Year Ending December 31:	Loan	Lease
2019	\$51,702	\$39,398
2020	7,921	39,398
2021		39,398
2022		39,398
2023		6,566
Total	\$59,623	\$164,158

Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Related Party Transactions

The District contracts with Medicount Management, Inc. (“Medicount”) for billing and collection of its EMS services. Chief Andy Riddiough’s wife, Anne Riddiough, works for Medicount as an account manager, and the District is one of her accounts.

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Joint Emergency Medical Services
Warren County
Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$908,418		\$908,418
Charges for Services		389,929	389,929
Intergovernmental	181,193		181,193
<i>Total Cash Receipts</i>	<u>1,089,611</u>	<u>389,929</u>	<u>1,479,540</u>
Cash Disbursements			
Current Disbursements:			
General Government	960,532		960,532
Public Safety		221,108	221,108
Human Services	2,480		2,480
Other	75,000		75,000
Capital Outlay	2,287		2,287
Debt Service:			
Principal Retirement		46,478	46,478
Interest and Fiscal Charges		5,225	5,225
<i>Total Cash Disbursements</i>	<u>1,040,299</u>	<u>272,811</u>	<u>1,313,110</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>49,312</u>	<u>117,118</u>	<u>166,430</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	17,519		17,519
Other Financing Uses	(828)		(828)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>16,691</u>	<u>0</u>	<u>16,691</u>
<i>Net Change in Fund Cash Balance</i>	66,003	117,118	183,121
<i>Fund Cash Balances, January 1</i>	<u>431,208</u>	<u>843,804</u>	<u>1,275,012</u>
Fund Cash Balances, December 31			
Nonspendable	0	0	0
Restricted	0	960,922	960,922
Committed	0	0	0
Assigned	2,962	0	2,962
Unassigned (Deficit)	494,249	0	494,249
<i>Fund Cash Balances, December 31</i>	<u>\$497,211</u>	<u>\$960,922</u>	<u>\$1,458,133</u>

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

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Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Joint Emergency Medical Services, Warren County, (the District) as a body corporate and politic. A two member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Carlisle and Franklin Township. The District provides EMS service within the District and by contract to areas outside the District.

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

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-203 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each 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.

Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

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 2017 budgetary activity appears in Note 3

Deposits

The District has only one account, a checking account.

Capital Assets

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

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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.

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.

Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,105,172	\$1,107,130	\$1,958
Special Revenue	389,929	389,929	0
Total	\$1,495,101	\$1,497,059	\$1,958

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,531,188	\$1,048,397	\$482,791
Special Revenue	1,193,804	268,503	925,301
Total	\$2,724,992	\$1,316,900	\$1,408,092

Note 4 – Deposits

The District maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2017
Demand deposits	\$1,458,133
Total deposits	\$1,458,133

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes Property Taxes

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 the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

Note 6 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The District pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and omissions.

Note 7 – Defined Benefit Pension Plans

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries and the District contributed an amount equaling 14% percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Loan - two 2014 Chevy Express Cutaway G4500	\$107,173	3.89%
Total	\$107,173	

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

Year Ending December 31:	Loan
2018	\$51,702
2019	51,702
2020	7,921
Total	\$111,325

Joint Emergency Medical Services
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 – Related Party Transactions

The District contracts with Medicount Management, Inc. (“Medicount”) for billing and collection of its EMS services. Chief Andy Riddiough’s wife, Anne Riddiough, works for Medicount as an account manager, and the District is one of her accounts.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Joint Emergency Medical Services
Warren County
201 E. Sixth Street
Franklin, Ohio 45005

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Joint Emergency Medical Services, Warren County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 1, 2019, 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 qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the completeness and accuracy of amounts recorded as charges for services receipts.

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 opinions 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.

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.

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-003 to be material weaknesses.

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 item 2018-002.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

July 1, 2019

**JOINT EMERGENCY MEDICAL SERVICES
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

At December 31, 2018, we identified the following conditions related to the District's financial statements:

- Lease proceeds and capital outlay for the purchase of an ambulance in the amount of \$179,802 were posted to the General Fund instead of the EMS Fund.
- Debt payments posted to the EMS Fund in the amount of \$84,534 were misclassified as public safety expenditures instead of principal (\$76,199) and interest (\$8,335).

At December 31, 2017, we identified the following conditions related to the District's financial statements:

- The debt payments posted to the EMS Fund in the total amount of \$47,394 were misclassified as public safety expenditures instead of principal (\$42,611) and interest (\$4,783).
- The receipts posted to the EMS Fund in the amount of \$300,827 were misclassified as licenses, permits, and fees instead of charges for services.

The financial statements and accounting records, where appropriate, have been adjusted for these errors.

The District did not have procedures in place for effective monitoring of financial activity, and the accuracy of accounting and financial reporting. The fiscal officer has sole responsibility over accounting and reporting. Due to the small size of the District, it is important that the Board take an active role in monitoring the posting of such activity. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and preparation of the financial statements to prevent errors and to assist in properly reflecting the District's financial activity. The Board should adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-002

Noncompliance

Ohio Revised Code § 5705.40 states that any appropriation measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation, including the requirement of the legislative authority to pass a resolution amending its appropriation measure. The District recorded a supplemental appropriation to the EMS Fund in the amount of \$179,802 on March 22, 2018 without Board approval. Failure to properly approve appropriation amendments may result in lack of oversight by the Board.

We recommend the District obtain Board approval for all supplemental appropriations.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-003

Material Weakness

The District uses Medicount Management (Medicount), an EMS billing service, to bill and collect charges for services. While Medicount received an unmodified "Type II" Service Organization Control (SOC 1) report; the report identified user control considerations that should have been in place at the District.

We identified the following conditions related to the user control considerations:

- The District was responsible for ensuring payments received directly are accurately applied to the claim being paid. The District provided no documentation that they performed a review of patient billings.
- The District was responsible for reviewing write-offs to ensure that they are in accordance with the provisions of the contract. The District provided no documentation that they reviewed the write-off reports provided by Medicount.
- The District was responsible for reconciling the Client Snapshots to ensure the completeness and accuracy of the payments received and fees and credits due to/from Medicount. The District provided no documentation that they reviewed any Medicount reports.
- The District's fiscal officer does not have access to the Medicount reports.

Although we were able to trace District run reports to the Medicount reports, and Medicount reports to the bank statements, the lack of the District's implementation of user controls during the fiscal year could result in errors, theft or fraud occurring and not being detected in a timely manner.

We recommend that the District implement all user controls identified in the most recent SOC 1 report for Medicount.

**FINDING NUMBER 2018-003
(Continued)**

Officials' Response:

We did not receive a response from Officials to this finding.

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**JOINT EMERGENCY MEDICAL SERVICES
WARREN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Administrative Code 117-2-01: Failure to monitor billings and receipts from service organization	Not Corrected	Reissued as Finding 2018-003; District officials were not monitoring the billings made by nor the receipts from Medicount Management;

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OHIO AUDITOR OF STATE
KEITH FABER



JOINT EMERGENCY MEDICAL SERVICES

WARREN 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 6, 2019**