

***COMMUNITY EMERGENCY MEDICAL SERVICES
DISTRICT***

PORTAGE COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Community Emergency Medical Service District
10804 Forest Street
Garrettsville, Ohio 44231

We have reviewed the *Independent Auditors' Report* of the Community Emergency Medical Service District, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Community Emergency Medical Service District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 12, 2020

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**COMMUNITY EMERGENCY MEDICAL SERVICES DISTRICT
PORTAGE COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Community EMS District
Portage County
10804 Forest Street
Garrettsville, Ohio 44231

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 Community EMS District, Portage County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

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, 2019 and 2018, and changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

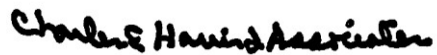
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Community EMS District, Portage County, Ohio, as of December 31, 2019 and 2018, for the years then ended in accordance 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.

Emphasis of matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2020, 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.



Charles E. Harris & Associates, Inc.
April 23, 2020

Community EMS District
Portage County
Combined Statement of Cash Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

| | Governmental Fund Types | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|-----------------|--------------------------------|
| | General | Special Revenue | Debt Service | |
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 553,800 | - | - | \$ 553,800 |
| Charges for Services | 7,950 | \$ 181,992 | - | 189,942 |
| Intergovernmental | 50,834 | 4,569 | - | 55,403 |
| Earnings on Investments | 178 | 813 | - | 991 |
| Miscellaneous | 635 | 5,895 | - | 6,530 |
| <i>Total Cash Receipts</i> | <u>613,397</u> | <u>193,269</u> | <u>-</u> | <u>806,666</u> |
| Cash Disbursements | | | | |
| Current Disbursements: | | | | |
| Security of Persons and Property: | | | | |
| Salaries | 21,066 | 373,985 | - | 395,051 |
| Fringe Benefits | 2,930 | 87,943 | - | 90,873 |
| Purchased and Contracted Services | 35,626 | 13,903 | - | 49,529 |
| Materials and Supplies | 2,555 | 13,378 | - | 15,933 |
| Equipment | 226,253 | 13,027 | - | 239,280 |
| Repairs | - | 16,491 | - | 16,491 |
| Other | 38,608 | 33,435 | - | 72,043 |
| Capital Outlay | 97,618 | - | - | 97,618 |
| Debt Service: | | | | |
| Principal Retirement | - | - | \$ 15,255 | 15,255 |
| Interest and Fiscal Charges | - | - | 2,417 | 2,417 |
| <i>Total Cash Disbursements</i> | <u>424,656</u> | <u>552,162</u> | <u>17,672</u> | <u>994,490</u> |
| <i>Excess Receipts Over (Under) Disbursements</i> | 188,741 | (358,893) | (17,672) | (187,824) |
| Other Financing Receipts (Disbursements) | | | | |
| Proceeds of Debt | 97,618 | - | - | 97,618 |
| Transfers In | - | 325,000 | 20,460 | 345,460 |
| Transfers Out | (345,460) | - | - | (345,460) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(247,842)</u> | <u>325,000</u> | <u>20,460</u> | <u>97,618</u> |
| <i>Net Change in Fund Cash Balance</i> | (59,101) | (33,893) | 2,788 | (90,206) |
| <i>Fund Cash Balances, January 1</i> | <u>150,738</u> | <u>201,126</u> | <u>101</u> | <u>351,965</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | - | 167,233 | 2,889 | 170,122 |
| Assigned | 63,530 | - | - | 63,530 |
| Unassigned | 28,107 | - | - | 28,107 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 91,637</u> | <u>\$ 167,233</u> | <u>\$ 2,889</u> | <u>\$ 261,759</u> |

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

Community Emergency Medical Services District

Portage County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Community Emergency Medical Services District, Portage County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Garrettsville, Freedom Township, and Nelson Township. The District provides emergency medical services to residents of the Village of Garrettsville, Freedom Township and Nelson Township 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 Policies

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 significant Special Revenue Fund:

Ambulance and EMS Fund The ambulance and EMS fund accounts for property taxes for operations of the ambulance and EMS department, including but not limited to personnel services, supplies, equipment and utilities.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Fund:

General Note Retirement Fund The general note retirement fund is used to repay principal and interest due for notes held by Middlefield Banking Company for the purchase of a 2016 Braun Ambulance and the remount of a 2018 Braun Ambulance.

Community Emergency Medical Services District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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 117-2-03 (D) permit.

Budgetary Process

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

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

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

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 re-appropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

Community Emergency Medical Services District

Portage County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 The 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. The Trustees may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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.

Community Emergency Medical Services District

Portage County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$719,676 | \$711,015 | (\$8,661) |
| Special Revenue | 504,987 | 518,269 | 13,282 |
| Debt Service | 38,432 | 20,460 | (17,972) |

| 2019 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|----------------------------|----------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
| General | \$829,584 | \$770,116 | \$59,468 |
| Special Revenue | 651,004 | 552,162 | 98,842 |
| Debt Service | 37,732 | 17,672 | 20,060 |

Note 4 – Deposits and Investments

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

| | |
|-----------------|-----------|
| | 2019 |
| Demand deposits | \$261,759 |

Deposits

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

Community Emergency Medical Services District

Portage County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 5 – Taxes (Continued)

Property Taxes (Continued)

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

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

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

Note 6 – Risk Management

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | <u>2018</u> |
|-----------------------|---------------|
| Cash and investments | \$ 35,381,789 |
| Actuarial liabilities | \$12,965,015 |

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District's 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, 2019.

Community Emergency Medical Services District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits

OPERS offer 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

| | Principal | Interest Rate |
|-------------------------|-----------|---------------|
| Commercial Note #566491 | \$ 39,116 | 2.76% |
| Commercial Note #567581 | 91,690 | 3.46% |

During 2016, the District entered into a commercial loan agreement in the amount of \$66,991 with the Middlefield Banking Company to finance the purchase of a 2016 E450 Braun Ambulance. The loan has a term of 84 months with the final payment due in November 2023 with an interest rate of 2.76%. Interest is due monthly, with all principal and accrued interest due at maturity. The loan is secured by said 2016 E450 Braun Ambulance. The debt is being repaid out of the Debt Service fund.

During 2019, the District entered into a commercial loan agreement in the amount of \$97,618 with the Middlefield Banking Company to finance the purchase of a 2018 E450 Braun Ambulance. The loan has a term of 60 months with the final payment due in November 2023 with an interest rate of 3.46%. Interest is due monthly, with all principal and accrued interest due at maturity. The loan is secured by said 2018 E450 Braun Ambulance and repaid out of the Debt Service fund.

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

| Year Ending December 31: | Commercial Note # 566491 | Commercial Note # 567581 |
|-----------------------------|-----------------------------|-----------------------------|
| 2020 | \$10,560 | \$21,337 |
| 2021 | 10,560 | 21,337 |
| 2022 | 10,560 | 21,337 |
| 2023 | 9,676 | 21,337 |
| 2024 | 0 | 14,225 |
| Total | \$41,356 | \$99,573 |

Note 10 – Construction and Contractual Commitments

The Windham Volunteer Fire Department Joint Fire District (WVFDJFD) contracts with the District to provide emergency medical services when the District is the primary responder on a call in the WVFDJFD region.

Community Emergency Medical Services District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Construction and Contractual Commitments (Continued)

The District entered into a one-year dispatching contract with the City of Aurora beginning July 29, 2016. The District has renewed the dispatching contract for a one-year periods since for \$35,294 in July 29, 2018 to be paid in quarterly installments of \$8,824. The District renewed the dispatching contract an additional one-year period beginning on July 29, 2019 for \$35,294 to be paid in quarterly installments of \$8,824.

Note 11 – Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District's financial condition.

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Community EMS District
Portage County
Combined Statement of Cash Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

| | Governmental Fund Types | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|-----------------|--------------------------------|
| | General | Special Revenue | Debt Service | |
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 552,001 | - | - | \$ 552,001 |
| Charges for Services | 682 | \$ 209,600 | - | 210,282 |
| Intergovernmental | 79,180 | 6,425 | - | 85,605 |
| Earnings on Investments | 252 | 841 | - | 1,093 |
| Miscellaneous | 21,084 | 8,468 | - | 29,552 |
| <i>Total Cash Receipts</i> | <u>653,199</u> | <u>225,334</u> | <u>-</u> | <u>878,533</u> |
| Cash Disbursements | | | | |
| Current Disbursements: | | | | |
| Security of Persons and Property: | | | | |
| Salaries | 21,179 | 363,272 | - | 384,451 |
| Fringe Benefits | 2,901 | 82,119 | - | 85,020 |
| Purchased and Contracted Services | 35,902 | 13,878 | - | 49,780 |
| Materials and Supplies | 4,622 | 12,558 | - | 17,180 |
| Equipment | 134,011 | 8,705 | - | 142,716 |
| Repairs | - | 18,005 | - | 18,005 |
| Other | 37,204 | 35,434 | - | 72,638 |
| Debt Service: | | | | |
| Principal Retirement | - | - | \$ 9,072 | 9,072 |
| Interest and Fiscal Charges | - | - | 1,488 | 1,488 |
| <i>Total Cash Disbursements</i> | <u>235,819</u> | <u>533,971</u> | <u>10,560</u> | <u>780,350</u> |
| <i>Excess Receipts Over (Under) Disbursements</i> | 417,380 | (308,637) | (10,560) | 98,183 |
| Other Financing Receipts (Disbursements) | | | | |
| Transfers In | - | 325,000 | 10,600 | 335,600 |
| Transfers Out | (335,600) | - | - | (335,600) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(335,600)</u> | <u>325,000</u> | <u>10,600</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balance</i> | 81,780 | 16,363 | 40 | 98,183 |
| <i>Fund Cash Balances, January 1</i> | <u>68,958</u> | <u>184,763</u> | <u>61</u> | <u>253,782</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | - | 201,126 | 101 | 201,227 |
| Assigned | 109,907 | - | - | 109,907 |
| Unassigned | 40,831 | - | - | 40,831 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 150,738</u> | <u>\$ 201,126</u> | <u>\$ 101</u> | <u>\$ 351,965</u> |

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

Community Emergency Medical Services District

Portage 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 Community Emergency Medical Services District, Portage County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Garrettsville, Freedom Township, and Nelson Township. The District provides emergency medical services to residents of the Village of Garrettsville, Freedom Township and Nelson Township 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 Policies

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 significant Special Revenue Fund:

Ambulance and EMS Fund The ambulance and EMS fund accounts for property taxes for operations of the ambulance and EMS department, including but not limited to personnel services, supplies, equipment and utilities.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Fund:

General Note Retirement Fund The general note retirement fund is used to repay principal and interest due for a note held by Middlefield Banking Company for the purchase of a 2016 Braun ambulance.

Community Emergency Medical Services District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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 117-2-03 (D) permit.

Budgetary Process

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

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

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

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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

Community Emergency Medical Services District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 The 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. The Trustees may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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.

Community Emergency Medical Services District

Portage County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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 | \$655,033 | \$653,199 | (\$1,834) |
| Special Revenue | 500,000 | 550,334 | 50,334 |
| Debt Service | 10,600 | 10,600 | 0 |

| 2018 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|-------------------------|-------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
| General | \$646,800 | \$571,419 | \$75,381 |
| Special Revenue | 636,000 | 533,971 | 102,029 |
| Debt Service | 10,600 | 10,560 | 40 |

Note 4 – Deposits and Investments

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

| | |
|-----------------|-------------|
| | <u>2018</u> |
| Demand deposits | \$351,965 |

Deposits

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

Community Emergency Medical Services District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Taxes (Continued)

Property Taxes (Continued)

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

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

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

Note 6 – 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 Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017 (the latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

| | <u>2017</u> |
|--------------|--------------|
| Assets | \$44,452,326 |
| Liabilities | (13,004,011) |
| Net Position | \$31,448,315 |

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed.

Community Emergency Medical Services District

Portage County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 6 – Risk Management (Continued)

The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the District’s share of these unpaid claims collectible in future years is approximately \$8,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

| |
|---|
| <u>2018 Contributions to PEP</u> |
|---|

| |
|----------|
| \$11,934 |
|----------|

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District’s 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 offer 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018.

Community Emergency Medical Services District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

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

| | Principal | Interest Rate |
|-------------------------|-----------|---------------|
| Commercial Note #566491 | \$ 48,443 | 2.76% |

During 2016, the District entered into a commercial loan agreement in the amount of \$66,991 with the Middlefield Banking Company to finance the purchase of a 2016 E450 Braun Ambulance. The loan has a term of 84 months with the final payment due in November 2023 with an interest rate of 2.76%. Interest is due monthly, with all principal and accrued interest due at maturity. The loan is secured by said 2016 E450 Braun Ambulance. The debt is repaid out of the Debt Service fund.

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

| Year Ending December 31: | Commercial Note |
|-----------------------------|--------------------|
| 2019 | \$10,560 |
| 2020 | 10,560 |
| 2021 | 10,560 |
| 2022 | 10,560 |
| 2023 | 9,676 |
| Total | \$51,916 |

Note 10 – Construction and Contractual Commitments

The Windham Volunteer Fire Department Joint Fire District (WVFDJFD) contracts with the District to provide emergency medical services when the District is the primary responder on a call in the WVFDJFD region.

The District entered into a one-year dispatching contract with the City of Aurora beginning July 29, 2016. The District renewed the dispatching contract for a one-year period beginning on July 29, 2017 for \$28,000 to be paid in quarterly installments of \$7,200. The District renewed the dispatching contract an additional one-year period beginning on July 29, 2018 for \$35,294 to be paid in quarterly installments of \$8,824.

Note 11 – Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District’s financial condition.

Community Emergency Medical Services District

Portage County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 12 – Subsequent Events

On July 13, 2018 the District was awarded a \$69,188 grant from the Federal Emergency Management Agency for the Fiscal Year 2017 Assistance to Firefighters Grant. The grant had a 5% District matching requirement. The grant application was submitted for two Lifepak 15 V4 cardiac monitors and the extended four-year service contracts.

At the time the cardiac monitors were purchased, there was an additional \$5,000 trade-in discount allowance for each of the Lifepak 12 units that would be replaced by the new units that was not available at the time the units were quoted for the grant application. The Lifepak 15 units and the extended service contracts were purchased at a final cost of \$62,647. The Federal share was \$59,664 and the District share was \$2,937.

At December 31, 2018, there were Federal funds of \$9,524 remaining to be spent. These funds must be disbursed by July 2019.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Community EMS District
Portage County
10804 Forest Street
Garrettsville, Ohio 44231

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 Community EMS District, Portage County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated April 23, 2020, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

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 a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.


We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 23, 2020.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
April 23, 2020

**COMMUNITY EMERGENCY MEDICAL SERVICES DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2019 and 2018**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

Finding Number 2019-001 - Material Weakness

Audit Adjustments, Reclassification

During 2019 and 2018, errors were noted in the District's financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- Recorded health insurance expenses as Other instead of Fringe Benefits.
- Recorded Proceed of Debt and the corresponding Capital Outlay in the Debt Service fund instead of General fund.
- Fund balance in the General fund was recorded as Restricted instead of Unassigned.
- Did not record subsequent year appropriations as Assigned fund balance.

Additional insignificant errors, including footnotes were also noted for years ended December 31, 2019 and 2018.

Failure to properly report financial activity could lead to materially misstated financial statements and users of the financial statements basing their conclusions on incorrect information.

The District should implement procedures to review the financial statements and verify the completeness and accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. The Governmental Accounting Standards Board (GASB) Statement No. 54 provides definitions of each fund balance category and how to record them. We recommend using GASB Statement No. 54, Auditor of State Bulletin 2011-004 and other Auditor of State guidance to provide the District with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

Management's Response:

See Corrective Action Plan.

**COMMUNITY EMERGENCY MEDICAL SERVICES DISTRICT
PORTAGE COUNTY**

**CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2019 and 2018**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------|--|------------------------------------|-----------------------------------|
| 2019-001 | Classifications have been added to QuickBooks so that all transactions are properly recorded on the annual report. If an attempt is made to record a transaction without a classification, an error will appear as a reminder to enter a classification. A notation has been added to the file to record the General Fund balance as unassigned for all future reports. A notation has been added to the file to record subsequent year appropriations as assigned for all future reports. | Immediately | Tracy Brunner, Fiscal Officer |

OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY EMERGENCY MEDICAL SERVICE DISTRICT

PORTAGE 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
JUNE 25, 2020**