



**HENRY COUNTY SOUTH JOINT AMBULANCE DISTRICT
HENRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

**HENRY COUNTY SOUTH JOINT AMBULANCE DISTRICT
HENRY COUNTY
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

Henry County South Joint Ambulance District
Henry County
625 Edgerton Street
Hamler, Ohio 43524

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Henry County South Joint Ambulance District, Henry County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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

November 17, 2022

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Henry County South Joint Ambulance District
Henry County
Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$673,444		\$673,444
Charges for Services		\$199,153	199,153
Intergovernmental	122,268	1,948	124,216
Miscellaneous	63,428		63,428
<i>Total Cash Receipts</i>	<u>859,140</u>	<u>201,101</u>	<u>1,060,241</u>
Cash Disbursements			
Current Disbursements:			
Public Safety	351,388	199,153	550,541
Capital Outlay	1,335	1,948	3,283
Debt Service:			
Principal Retirement	2,517		2,517
<i>Total Cash Disbursements</i>	<u>355,240</u>	<u>201,101</u>	<u>556,341</u>
<i>Net Change in Fund Cash Balance</i>	<u>503,900</u>		<u>503,900</u>
<i>Fund Cash Balances, January 1</i>	<u>1,072,694</u>	<u>4,222</u>	<u>1,076,916</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,576,594</u></u>	<u><u>\$4,222</u></u>	<u><u>\$1,580,816</u></u>

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

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Henry County South Joint Ambulance District, Henry County, Ohio (the District) as a body corporate and politic. An eleven member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Bartlow, Flatrock, Marion, Monroe, Pleasant, and Richfield Townships, along with the Villages of Deshler, Hamler, Holgate, Malinta, and New Bavaria. The District provides rescue services within the District and by contract to areas outside the District.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 Emergency Medical Services Fund The Ambulance and Emergency Medical Services Fund is used to account for revenues derived from ambulance and emergency medical services fees.

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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

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

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 2021 budgetary activity appears in Note 4.

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.

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:

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Compliance

Contrary to Ohio law, the District did not establish an Ambulance and Emergency Medical Services Fund to account for ambulance and emergency medical services receipts.

Also, contrary to Ohio law, the District inappropriately posted special revenue grant funds to the general fund.

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$438,499	\$859,140	\$420,641
Special Revenue	201,101	201,101	
Total	\$639,600	\$1,060,241	\$420,641

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$687,230	\$362,995	\$324,235
Special Revenue	201,101	201,101	
Total	\$888,331	\$564,096	\$324,235

Note 5 – Deposits

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

	2021
Demand deposits	\$1,580,816

Deposits

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

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Note 6 – 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. 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.

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

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 7 – Risk Management

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The District 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, 2021.

Note 9 – 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. 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Radio Loan	20,132	0%

The District received radio communication devices from Henry County as part of a County-wide communications system. The District will repay the Henry County Commissioners for their share in annual payments of \$2,517 over ten years.

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

Year Ending December 31:	Radio Loan
2022	\$2,517
2023	2,517
2024	2,517
2025	2,517
2026	2,517
2027-2029	7,547
Total	<u><u>\$20,132</u></u>

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$7,755</u>

The fund balance of special revenue funds is restricted. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Miscellaneous Receipts

Miscellaneous receipts in the General Fund primarily consisted of donations.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Henry County South Joint Ambulance District
Henry County
Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$740,589		\$740,589
Charges for Services		\$215,489	215,489
Intergovernmental	54,060	6,763	60,823
Miscellaneous	22,084		22,084
<i>Total Cash Receipts</i>	<u>816,733</u>	<u>222,252</u>	<u>1,038,985</u>
Cash Disbursements			
Current Disbursements:			
Public Safety	293,728	218,263	511,991
Capital Outlay	135,221		135,221
Debt Service:			
Principal Retirement	2,517		2,517
<i>Total Cash Disbursements</i>	<u>431,466</u>	<u>218,263</u>	<u>649,729</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>385,267</u>	<u>3,989</u>	<u>389,256</u>
Other Financing Receipts			
Proceeds of Debt	25,166		25,166
<i>Net Change in Fund Cash Balance</i>	<u>410,433</u>	<u>3,989</u>	<u>414,422</u>
<i>Fund Cash Balances, January 1</i>	<u>662,261</u>	<u>233</u>	<u>662,494</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,072,694</u></u>	<u><u>\$4,222</u></u>	<u><u>\$1,076,916</u></u>

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

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Henry County South Joint Ambulance District, Henry County, Ohio (the District) as a body corporate and politic. An eleven member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Bartlow, Flatrock, Marion, Monroe, Pleasant, and Richfield Townships, along with the Villages of Deshler, Hamler, Holgate, Malinta, and New Bavaria. The District provides rescue services within the District and by contract to areas outside the District.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

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Ambulance and Emergency Medical Services Fund The Ambulance and Emergency Medical Services Fund is used to account for revenues derived from ambulance and emergency medical services fees.

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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

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

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 2020 budgetary activity appears in Note 4.

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.

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:

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Compliance

Contrary to Ohio law, the District did not establish an Ambulance and Emergency Medical Services Fund to account for ambulance and emergency medical services receipts.

Also, contrary to Ohio law, the District inappropriately posted special revenue grant funds to the general fund.

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$387,098	\$841,899	\$454,801
Special Revenue	222,252	222,252	
Total	\$609,350	\$1,064,151	\$454,801

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$455,943	\$434,685	\$21,258
Special Revenue	218,263	218,263	
Total	\$674,206	\$652,948	\$21,258

Note 5 – Deposits

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

	2020
Demand deposits	\$1,076,916

Deposits

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

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Note 6 – 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. 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.

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

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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 7 – Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The District 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, 2020.

Note 9 – 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. 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Radio Loan	22,649	0%

The District received radio communication devices from Henry County as part of a County-wide communications system. The District will repay the Henry County Commissioners for their share in annual payments of \$2,517 over ten years.

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

Year Ending December 31:	<u>Radio Loan</u>
2021	\$2,517
2022	2,517
2023	2,517
2024	2,517
2025	2,517
2026-2029	10,064
Total	<u><u>\$22,649</u></u>

Henry County South Joint Ambulance District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$3,219</u>

The fund balance of special revenue funds is restricted. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Miscellaneous Receipts

Miscellaneous receipts in the General Fund primarily consisted of refunds and donations.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 – Change in Accounting Principle

For 2020, the District has made changes to its cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) - all governmental fund types.

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*

Henry County South Joint Ambulance District
Henry County
625 Edgerton Street
Hamler, Ohio 43524

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Henry County South Joint Ambulance District, Henry County, Ohio, (the District) and have issued our report thereon dated November 17, 2022, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2021-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-002 and 2021-003.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 17, 2022

**HENRY COUNTY SOUTH JOINT AMBULANCE DISTRICT
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness – Financial Reporting

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.

The following errors were identified in the accompanying financial statements for the year ended December 31, 2021:

- Intergovernmental receipts in the amount of \$66,453 were incorrectly classified as miscellaneous receipts in the General Fund.
- Homestead and rollback intergovernmental receipts in the amount of \$24,865 were incorrectly classified as property tax receipts in the General Fund.

The following errors were identified in the accompanying financial statements for the year ended December 31, 2020:

- Homestead and rollback intergovernmental receipts in the amount of \$23,726 were incorrectly classified as property tax receipts in the General Fund.
- Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were overstated in the General Fund note in the amount of \$44,000.
- On-behalf loan activity in the amount of \$25,166 was not posted by the District resulting in understated proceeds of debt, capital outlay, and appropriations in the General Fund.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board to make misinformed decisions. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional immaterial misstatements ranging from \$2,512 to \$7,755, which we have brought to the District's attention.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the Board to help identify and correct errors and omissions.

FINDING NUMBER 2021-002

Material Weakness and Noncompliance

Ohio Rev. Code § 505.721 provides in part that “a board of trustees of a joint ambulance district may establish reasonable charges for the use of ambulance or emergency medical services...Charges collected under this section shall be kept in a separate fund designated as the ambulance and emergency medical services fund, and shall be appropriated and administered by the Board. The moneys in the fund shall be used for the payment of the costs of the management, maintenance, and operation of ambulance and emergency medical services in the district.”

The District incorrectly recorded \$199,153 and \$215,489 of ambulance and/or emergency medical services receipts and budgeted receipts in the General Fund for the years ended December 31, 2021 and 2020, respectively. Given the source of the receipts, this should have been recorded in the Ambulance and Emergency Medical Services Fund. Corresponding disbursements and budgeted appropriations in the amounts of \$199,153 and \$215,489 also should have been recorded in the ambulance and emergency medical services fund for the years ended December 31, 2021 and 2020, respectively. Audit adjustments are reflected in the financial statements and notes to the financial statements correcting the misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

FINDING NUMBER 2021-003

Significant Deficiency and Noncompliance

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

- In 2021, the District inappropriately recorded \$1,948 of Coronavirus Relief Fund grant revenue in the General Fund. Given the source of the revenue, this should have been recorded in the Coronavirus Relief Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.
- In 2020, the District inappropriately recorded \$6,763 of Provider Relief Fund grant revenue and \$2,774 grant expenditures in the General Fund. Given the source of the revenue, this should have been recorded in the CARES Provider Relief Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

We did not receive a response from Officials to these findings.



Henry County South Joint Ambulance District

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Ohio Rev. Code § 505.721 due to incorrectly recording of ambulance and/or medical services revenue.	Not corrected and reissued as Finding 2021-002 in this report	The finding reoccurred due to inadequate policies and procedures in recording EMS receipts.
2019-002	Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2021-001 in this report	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements for errors and omissions.

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OHIO AUDITOR OF STATE KEITH FABER



HENRY COUNTY SOUTH JOINT AMBULANCE DISTRICT

HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/6/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov