

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT

GALLIA COUNTY

REGULAR AUDIT

FOR YEARS ENDED DECEMBER 31, 2003 AND 2002

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com



**Auditor of State
Betty Montgomery**

Board of Trustees
Southeast Ohio Emergency Medical Services District
3240 State Route 160
Gallipolis, Ohio 45631

We have reviewed the Independent Auditor's Report of the Southeast Ohio Emergency Medical Services District, Gallia County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2002 to December 31, 2003. 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 Southeast Ohio Emergency Medical Services District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 1, 2005

This Page is Intentionally Left Blank.

SOUTHEAST OHIO EMERGENCY MEDICAL DISTRICT - GALLIA COUNTY
YEARS ENDING DECEMBER 31, 2003 AND DECEMBER 31, 2002
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1
Changes in Cash Receipts, Cash Disbursements, and Changes in Cash Balances - For the Year Ended December 31, 2003 and 2002	2
Notes to the Financial Statements	3-5
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements in Accordance With <i>Government Auditing Standards</i>	6-7
Schedule of Prior Audit Findings.....	8

This Page is Intentionally Left Blank.

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Southeast Ohio Emergency Medical Services District
Gallia County
3240 State Route 160
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of Southeast Ohio EMS, Gallia County, Ohio (the District) as of and for the years ended December 31, 2003 and December 31, 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the District as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

September 30, 2004

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
Operating Cash Receipts:		
Charges for Services - Patient	\$2,989,922	\$2,738,859
Charges for Services - County	3,478,162	3,219,007
Interest	54,414	47,664
Tower Rental	23,057	67,539
Miscellaneous	327,140	316,692
Total Operating Cash Receipts	6,872,695	6,389,761
 Operating Cash Disbursements:		
Salaries and Wages	3,607,205	3,433,198
Utilities	128,413	131,701
Insurance (other than health)	160,000	70,000
Note Principal	18,510	7,194
Note Interest	2,544	1,165
Capital Outlay	140,000	250,000
Other Operating Cash Disbursements	2,746,992	2,300,895
Total Operating Cash Disbursements	6,803,664	6,194,153
Operating Income/(Loss)	69,031	195,608
Cash Balances, January 1	1,154,887	\$959,279
Cash Balances, December 31	\$1,223,918	\$1,154,887

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

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Southeast Ohio Emergency Medical Services District, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was created under Section 307.05, Revised Code, with the following counties: Athens, Jackson, Lawrence, and Vinton. During 1997 Vinton County withdrew its membership. The District was organized on January 1, 1996, and operates under a nine member board which consists of three representatives from each county in the District. Emergency medical services are provided to each county under a contract arrangement. Each county is billed on a monthly basis for the services provided to their county.

The significant accounting policies followed in the preparation of these financial statements is summarized below. The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

D. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$1,223,918	\$1,154,887

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the District at Ohio River Bank and Bank One or (3) collateralized by the financial institution's public entity deposit pool at Oak Hill Bank.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Truck Loan	\$19,304	6.99%
Equipment Loan	12,705	4.60%

The truck loan was issued September 3, 2002 from Oak Hill Banks for \$31,761.80 at 6.99% interest for the purchase of a new Ford Expedition for the Fire Chief.

The equipment loan was issued May 10, 2002 from Oak Hill Banks for \$25,951.00 at 4.60% interest for the purchase of logging equipment.

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

	Truck Loan	Equipment Loan
Year ending December 31:		
2004	\$11,766	\$9,286
2005	8,824	3,869
Total	\$20,590	\$13,155

4. RETIREMENT SYSTEMS

All employees of the District participate in the Public Employees Retirement System of Ohio (PERS). PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS contributed 8.5% of gross wages. The District contributed an amount equal to 13.55% of participants' gross wages. The District has paid all contributions required through December 31, 2003.

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal years 2003 and 2002 the District contracted for the following insurance coverage:

- General liability
- Public Officials' Wrongful Act Liability
- Fleet Liability
- Property
- Electronic Equipment and Computers
- Inland Marine
- Blanket Bond
- Crime

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

6. Litigation

The District is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, it is the opinion of the District's management that resolution of this matter will not have a material adverse effect on the financial condition of the District.

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Southeast Ohio Emergency Medical Services District
Gallia County
3240 State Route 160
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of Southeast Ohio Emergency Medical Services, Gallia County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Southeast Ohio Emergency Medical Services District
Gallia County
Report on Compliance and On Internal Control Over Financial Reporting
Based On An Audit Of Financial Statements Performed in Accordance
With *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

September 30, 2004

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES
GALLIA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-60727-001	The District should consider purchasing a system that will operate on the cash receipts and disbursements basis of accounting and still have the capability of maintaining accounts receivable for the patient billings.	Partially Corrected	The District utilizes spreadsheets to reconcile the cash financial statements to their system.
2001-60727-002	A listing of all open accounts, along with balances receivable as of the balance sheet date should be maintained in order to tie the billing system to the General Ledger and support the amount in the Accounts Receivable.	Yes	
2001-60727-003	All contractual adjustments and bad debt write-offs should be approved by someone other than the accounts receivable staff in order to verify adjustments are being performed according to District policies and state law.	Yes	



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA 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
FEBRUARY 15, 2005**