
Southeast Ohio Emergency Medical Services District

Gallia County

Regular Audit

January 1 , 1998 Through December 31, 1999

Fiscal Years Audited Under GAGAS: 1998 & 1999

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MICHAEL A. BALESTRA, CPA, INC.
CERTIFIED PUBLIC ACCOUNTANTS
528 SOUTH WEST STREET, P.O. BOX 687
PIKETON, OHIO 45661

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICE DISTRICT
GALLIA COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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 Michael A. Balestra, CPA, Inc., for the audit period January 1, 1998 through December 31, 1999. 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.



JIM PETRO
Auditor of State

June 28, 2000

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

Independent Auditors' Report

We have audited the accompanying general-purpose financial statements of the Southeast Ohio Emergency Medical Services District, Gallia County, as of and for the years ended December 31, 1998 and 1999. These general-purpose financial statements are the responsibility of the Southeast Ohio Emergency Medical Services District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient documentation supporting the amounts reported by the Southeast Ohio Emergency Medical Services District for accounts receivable, allowance for doubtful accounts, contractual adjustments and provision for patient collection losses, nor were we able to satisfy ourselves as to those amounts by other auditing procedures. Those amounts represent 39 percent for 1998 and 28 percent for 1999 of the assets and 17 percent for 1998 and 29 percent for 1999 of the revenue.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain sufficient documentation supporting the amounts reported by the Southeast Ohio Emergency Medical Services District for accounts receivable, allowance for doubtful accounts, contractual adjustments and provision for patient collection losses, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Southeast Ohio Emergency Medical Services District, as of December 31, 1998 and 1999, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2000 on our consideration of the Southeast Ohio Emergency Medical Services District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Michael A. Balestra, CPA, INC.
Michael A. Balestra, CPA, INC.

June 16, 2000

General Purpose Financial Statements

The general purpose financial statements of the District include the basic combined financial statements, presented by fund type, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows of the proprietary fund type.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY, OHIO

BALANCE SHEET
AS OF DECEMBER 31, 1999 AND 1998

	1999	1998
<u>Current Assets:</u>		
Cash and cash investments	\$778,977	\$1,039,948
Receivables (net of allowance for doubtful accounts of \$0 in 1999 and \$2,459,666 in 1998)	1,488,044	845,423
Inventory	79,561	51,887
Prepaid expenses	32,199	32,407
Total current assets	2,378,781	1,969,665
 Restricted cash for vehicle replacement	 78,289	 79,523
 Fixed assets:		
Building	134,659	134,659
Medical equipment	172,597	132,107
Operations vehicle	11,238	15,016
Computer equipment	36,329	69,187
Office equipment	45,096	38,865
Communication equipment	2,932,768	223,071
Accumulated depreciation	(397,342)	(511,168)
Fixed assets, net of accumulated depreciation	2,935,345	101,737
 Total assets	 \$5,392,415	 \$2,150,925
 <u>Current liabilities:</u>		
Accounts payable	\$309,076	\$153,501
Payroll taxes accrued and withheld	68,184	51,180
Compensated absences payable	174,542	192,464
Notes payable	19,965	32,492
Unearned tower rental	6,487	2,493
Total current liabilities	578,254	432,130
 <u>Fund equity and other credits:</u>		
Contributed Capital	2,700,000	0
Retained earnings		
Reserved for vehicle replacement	78,289	79,523
Unreserved	2,035,872	1,639,272
Total fund equity and other credits	4,814,161	1,718,795
 Total liabilities, fund equity, and other credits	 \$5,392,415	 \$2,150,925

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

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
Revenues:		
Patient services	\$3,144,902	\$3,191,071
County contract billings	2,363,668	2,318,847
Contributions to vehicle fund	225,526	246,440
Miscellaneous billings	5,238	130,329
Interest income	34,398	35,745
Tuition income	33,792	44,397
Tower rental	20,042	29,443
Surplus sales	29,408	0
Donations	40	60
	5,857,014	5,996,332
Less:		
Contractual adjustments	634,301	616,817
Provision for patient collection losses	30,862	426,480
Total revenue	5,191,851	4,953,035
Expenses:		
Salaries, wages, and fringe benefits	3,652,283	3,319,305
Telephone and other utilities	115,080	101,823
Medical supplies	175,550	231,478
Fuel	50,412	45,046
Communication expense	41,674	53,289
Insurance	69,191	75,340
Vehicle maintenance	86,234	72,387
Tower rent and maintenance	19,519	16,102
Station supplies, uniforms, and linens	46,933	34,750
Station rent, maintenance and equipment	54,564	78,813
Travel, conferences, and seminars	50,916	31,467
Depreciation	77,649	27,884
Finance/collection fees	17,760	2,384
Professional services	33,452	57,582
Training	76,049	65,986
Office supplies and expense	37,068	32,235
Postage	16,649	15,242
Miscellaneous	175,506	1,498
Vehicle replacement	0	189,660
Total expenses	4,796,489	4,452,271
Net income	395,362	500,764
Retained earnings at beginning of year	1,718,799	1,218,031
Contributed capital at beginning of year	0	0
Capital contributed during the year	2,700,000	0
Contributed capital at end of year	2,700,000	0
Total fund equity at end of year	\$4,814,161	\$1,718,795

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

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
Cash flows from operating activities:		
Operating income for the period	\$395,362	\$500,764
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Depreciation expense	\$77,650	\$27,884
(Gain) on disposal of property	(\$34,957)	\$0
(Increase)/decrease in:		
Account receivables	(\$642,620)	\$29,876
Inventories	(\$27,674)	\$22,517
Prepaid expenses	\$208	(\$20,051)
Increase/(decrease) in:		
Accounts payable	\$155,575	\$15,065
Accrued payroll & liabilities	(\$918)	(\$34,685)
Unearned tower rental	\$3,994	(\$10,409)
Total adjustments	(\$468,742)	\$30,197
Net cash provided (used) by operating activities	(\$73,380)	\$530,961
Cash flows from investing activities:		
Cash payments for the purchase of property	(\$217,320)	(\$20,735)
Cash proceeds from the sale of property	\$41,022	\$0
Net cash provided (used) by investing activities	(\$176,298)	(\$20,735)
Cash flows from noncapital financing activities:		
Principal payments on long-term debt	(\$12,527)	(\$3,753)
Net cash provided (used) by non-capital financing activities	(\$12,527)	(\$3,753)
Net increase (decrease) in cash and cash equivalents	(\$262,205)	\$506,473
Cash and cash equivalents - beginning of year	\$1,119,471	\$612,998
Cash and cash equivalents - end of year	\$857,266	\$1,119,471

Non-cash transactions:

The District received a donation of a microwave tower communication system with a fair market value of \$2,700,000.

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

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT AND REPORTING ENTITY

A. Description of the District

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, 1998, 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 are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

B. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes for the organization. The District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Southeast Ohio Emergency Medical Services District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

The District uses one fund to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the fund of the District is grouped into the following generic fund type under the broad fund category - proprietary.

Proprietary Fund Type: Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following is the District's proprietary fund type:

Enterprise Funds: Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges at year end.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. All monies are maintained in this pool. Monies are maintained in a bank account or temporarily used to purchase short term investments.

During fiscal years 1999 and 1998, investments were limited to certificates of deposit and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

For purposes of the statement of cash flows and for presentation on the balance sheet, investments of the cash management pool and investments with original maturities of three months or less at any time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Budgetary

The District is not required to follow Ohio Revised Code, Section 5705. However, each year the financial officer prepares a budget which is approved by the Board of Trustees. Also, the board reviews and approves expense budget statements monthly.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

F. Inventories

Inventories of the proprietary fund type are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of the proprietary fund type consist of materials and supplies held for consumption and are expensed when used.

G. Property, Plant and Equipment

Fixed Assets utilized in the proprietary fund are capitalized in that fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their market values as of the date received.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant and Equipment (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets.

Depreciation of assets in the proprietary fund type is computed using the straight-line method over an estimated useful life of three to twenty years. All depreciation is closed to retained earnings.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for employees after 10 years of service.

In proprietary fund, the entire amount of compensated absences is reported as a fund liability.

I. Contributed Capital

Contributed Capital represents resources from outside parties which have been provided to the District and are not subject to repayment. All other fund equity amounts pertaining to the District have been classified as retained earnings. As of December 31, 1999, the District's contributed capital consisted of a microwave tower communications system.

J. Restricted Assets

Restricted assets represent cash and cash equivalents set aside for vehicle acquisition. Portions of county contract billings are restricted for vehicle acquisitions. This reserve is required by the governing board and can be used only after receiving their approval. Amounts set aside for 1999 and 1998, are \$78,289 and \$79,523, respectively. Restricted amounts remaining at December 31, 1999 and 1998, are \$78,289 and \$79,523, respectively.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Contractual Obligations with Counties

The District is party to a contract to provide services to the following counties as of December 31, 1999: Athens, Jackson and Lawrence. These counties approve an annual contract and are billed monthly for that contract. Actual expenses may exceed the contracted amount, in which case the District may request and the counties may approve an increase in the contract or the District may absorb the additional expenses without an increase in the contract.

L. Contractual Adjustments

Contractual adjustments represent accounts receivable that have been written off as a result of a patient's inability to pay. This normally occurs when the billed amount exceeds the amount that the patient's insurance provider is willing to pay. The patient can demonstrate an inability to pay by showing that his or her yearly income is less than the Federal Poverty Guideline.

M. Provision for Patient Collection/Losses

Provision for patient collection losses is an amount which accumulates each year and represents amounts which are deemed uncollectible. The District does not expect to collect on any portion of these accounts. They represent accounts for which the patients either refuse to pay or cannot be located to exact payment from.

N. Unearned Tower Rental

Tower rental revenue represents money received from individuals who rent space on the towers owned by the District. The purpose is to place equipment of their own in the towers for their own legal transmissions.

O. Fund Equity Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for vehicle replacement.

P. Estimates

The Preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - ACCOUNTS RECEIVABLE

Account receivable balances at December 31, 1999 and 1998 for operating billings are as follows:

	<u>1999</u>	<u>1998</u>
Accounts Receivables	\$ 1,488,044	\$ 3,305,089
Less: Allowance for Uncollectables	<u>0</u>	<u>(2,459,666)</u>
Net Receivables	<u>\$ 1,488,044</u>	<u>\$ 845,423</u>

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PROPERTY, PLANT, AND EQUIPMENT

The following is a schedule of property, plant, and equipment at December 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Building	\$ 134,659	\$ 134,659
Medical Equipment	172,597	132,107
Operations Vehicle	11,238	15,016
Computer Equipment	36,329	69,187
Office Equipment	45,096	38,865
Communication Equipment	<u>2,932,788</u>	<u>223,071</u>
Total Fixed Assets	3,332,687	612,905
Less accumulated depreciation	<u>(397,342)</u>	<u>(511,168)</u>
Fixed Assets (net of accumulated depreciation)	<u>\$2,935,345</u>	<u>\$ 101,737</u>

NOTE 5 - PENSION PLANS AND POST-EMPLOYMENT BENEFITS

A. Pension Benefit Obligation

All employees of the District participate in the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to the System to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report. Interested parties may obtain a copy by making written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)466-2085 or 1-800-222-PERS(7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for employees is 8.5%. The 1999 employer rate for local government employer units was 13.55%, of covered payroll, 8.44% to fund the pension benefit obligation and 5.11% to fund health care. The contribution requirements of plan members and the District are established and may be amended by the Public Employees Retirement Board. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1998 and 1999.

B. Other Postemployment Benefits

Public Employees Retirement System: The Public Employees Retirement System of Ohio (the "System") provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the System is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units the rate was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - PENSION PLANS AND POST-EMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999 the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

Effective June 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose Social Security or the Public Employees Retirement System. As of December 31, 1999, no one has elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 6 - NOTES PAYABLE

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$ 15,795	8.25%
General Obligation Notes	4,170	7.87%
Total	<u>\$ 19,965</u>	

The General Obligation Notes are for the general operations of the district. These notes are dated June 23, 1995, and March 12, 1996 respectively.

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

<u>Year ending December 31</u>	<u>General Obligation Notes</u>	<u>General Obligation Notes</u>
2000	5,465	1,368
2001	5,465	1,368
2002	5,465	1,368
2003	3,108	675
Total	<u>\$ 19,503</u>	<u>\$ 4,779</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the two year period of designation of depositories. Inactive deposits must be either evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - DEPOSITS AND INVESTMENTS (Continued)

6. The State Treasurer's investment pool (STAR Ohio); and,
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.
8. Under limited circumstances, debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

The amounts available for deposit and investment are as follows:

	1999	1998
Cash and Cash Equivalents (Carrying Amounts)		
* Pooled	\$ 857,266	\$1,119,471
Reconciling Item	(18,437)	41,364
Total Available for Deposit and Investment (Bank Balance of Deposits/Carrying amount of Investments)	\$ 838,829	\$1,160,835

Any depository that receives a District deposit or investment is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit by the Federal Deposit Insurance Corporation, equals or exceeds the amount of District funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public moneys held by the depository. The pool of securities so pledged must have a current market value at least equal to 110% of all public moneys on deposit with the depository including the amount covered by federal insurance.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - DEPOSITS AND INVESTMENTS (Continued)

The Governmental Accounting Standards Board (GASB Statement No. 3) has established risk categories for deposits and investments as follows:

Category 1: Deposits that are insured or registered for which the securities are held by the District or its agent in the District's name.

Investments that are insured or registered, or securities held by the District or its agent in the District's name.

Category 2: Deposits that are collateralized and unregistered, with securities held by the counter party's trust department or agent in the District's name.

Investments that are uninsured and unregistered, with securities held by the counter party's trust department or agent in the District's name.

Category 3: Deposits that are un-collateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the District's name.

Investments that are uninsured and unregistered, with securities are held by the counter party or by its trust department or agent but not in the District's name.

The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand Deposits	\$ 275,587	\$ 402,651
Repurchase Agreement	<u>581,679</u>	<u>716,820</u>
Total	\$ 857,266	\$ 1,119,471

Deposits were either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution of the District, or (3) collateralized by the financial institution's public entity deposit pool. Repurchase agreements are category 3 investments.

NOTE 8 - CONTINGENT LIABILITIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - OTHER EMPLOYEE BENEFITS

A. *Compensated Absences*

The Criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees and administrators earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to employees upon termination of employment. Employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, employees receive payment for one-fourth of accumulated sick days up to a maximum of 240 days.

Accumulated, unused sick leave is paid up to a maximum of 240 hours, depending on length of service, to employees who retire. As of December 31, 1999, and 1998, the liability for compensated absences was \$174,542 and \$192,464, respectively.

B. *Insurance*

The District provides health and major medical insurance for all eligible employees. The District pays monthly premiums for family coverage and individual coverage. Premiums are paid from the same fund that pay the employee's salaries.

The District provides life insurance and accidental death and dismemberment insurance to most employees.

Prescription drug insurance and dental coverage is also provided.

NOTE 10 - 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 1999 and 1998 the District contracted for the following insurance coverages:

- General Liability
- Public Officials
- Inland Marine
- Automobile
- Faithful Performance & Employee Bond
- Health

Vehicle policies include liability coverage for bodily injury and property damage.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The District pays all elected officials' bonds by statute.

The District has not incurred significant reductions in insurance coverage from coverage in the prior years by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five years.

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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
3240 State Route 160
Gallipolis, Ohio 45631

We have audited the financial statements of the Southeast Ohio Emergency Medical Services District, Gallia County, as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated June 16, 2000 in which we were unable to obtain sufficient documentation to support the amounts reported by the Southeast Ohio Emergency Medical Services District for accounts receivable, allowance for doubtful accounts, contractual adjustments and provision for patient collection losses. Except as discussed above, we conducted our audit in accordance with generally accepted auditing standards 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 Southeast Ohio Emergency Medical Services 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 and 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 are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Southeast Ohio Emergency Medical Services 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Southeast Ohio Emergency Medical Services District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1998-1999-001.

Board of Trustees
Southeast Ohio Emergency Medical Services District
Gallipolis, Ohio 45631

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

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated June 16, 2000.

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

Michael A. Balestra, CPA, INC.

Michael A. Balestra, CPA, INC.

June 16, 2000

SCHEDULE OF FINDINGS

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT
GALLIA COUNTY
DECEMBER 31, 1998 & 1999**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	1998-1999-001
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The Southeast Ohio Emergency Medical Services District's accounts receivable, allowance for doubtful accounts, contractual adjustments and provision for patient collection losses amounts reported in the general-purpose financial statements were unable to be supported. The validity of the amounts reported in the general-purpose financial statements could not be determined without proper documentation. This required a qualification on the opinion to be issued. The District should maintain all supporting documentation regarding its accounts receivable, allowance for doubtful accounts, contractual adjustments, and provision for patient collection losses.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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.

By: Susan Babbitt

Date: JULY 18, 2000