



**JOINT EMERGENCY MEDICAL SERVICE DISTRICT  
WARREN COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**JOINT EMERGENCY MEDICAL SERVICE DISTRICT  
WARREN COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

Joint Emergency Medical Service District  
Warren County  
P. O. Box 525  
Franklin, Ohio 45005

To the Board of Trustees:

We have audited the accompanying financial statements of the Joint Emergency Medical Service District, Warren County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999. 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 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 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 fund cash balances and reserves for encumbrances of the District as of December 31, 2000 and 1999, and its 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 February 22, 2001, 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.

**Jim Petro**  
Auditor of State

February 22, 2001

**JOINT EMERGENCY MEDICAL SERVICE DISTRICT  
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
<b>Cash Receipts:</b>		
Local Taxes	\$505,409	\$480,285
Intergovernmental	50,934	49,548
Charges for Services	146,164	56,946
Earnings on Investments		1,212
Miscellaneous	<u>17,897</u>	<u>10,469</u>
Total Cash Receipts	<u>720,404</u>	<u>598,460</u>
<b>Cash Disbursements:</b>		
Current:		
Payroll	512,156	411,180
Legal Services	3,004	5,868
Audit Costs		5,643
County Auditor & Treasurer Fees	7,872	8,476
Utilities	12,431	14,556
Training	4,484	14,390
Supplies	1,802	2,024
Insurance	26,937	31,359
Maintenance	33,853	38,883
Equipment & Supplies	48,124	40,955
Miscellaneous	186	9,507
Administrative Costs	18,477	6,769
Debt Service:		
Redemption of Principal	23,117	
Interest	6,137	
Capital Outlay	<u>8,932</u>	<u>194,220</u>
Total Disbursements	<u>707,512</u>	<u>783,830</u>
Total Receipts Over/(Under) Disbursements	<u>12,892</u>	<u>(185,370)</u>
<b>Other Financing Receipts/(Disbursements):</b>		
Loan Proceeds	<u>          </u>	<u>101,134</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>101,134</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,892	(84,236)
Restated Fund Cash Balances January 1	<u>86,597</u>	<u>170,833</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$99,489</u></b>	<b><u>\$86,597</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$7,171</u>

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

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**JOINT EMERGENCY MEDICAL SERVICE DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Joint Emergency Medical Service District, Warren County, Ohio (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 is directed by an appointed three-member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions are: the City of Franklin, the Village of Carlisle and Franklin Township. The District provides rescue services within the District and by contract to areas outside the District.

The City of Franklin's Finance Director is responsible for the fiscal control of the District's resources and is the custodian of this operating fund.

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. 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The City of Franklin is responsible for the investment of all funds. A portion of the interest earned by the City's investments is credited to the District.

**D. Budgetary Process**

The Ohio Revised Code requires that the District budget annually.

**1. Appropriations**

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

**2. 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 also approve estimated resources.

**JOINT EMERGENCY MEDICAL SERVICE DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The District did not certify the availability of funds for all commitments as required by Ohio law. However, these commitments have been identified and added to the financial statements as Reserves for Encumbrances.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

Fiscal control for the District is vested with the City of Franklin. The Board does not maintain any depository accounts or investments, except for the payroll clearing account and ambulance run lockbox account. The City acts as custodian for the District's operating fund. The City maintains the District's operating account as part of its equity in pooled cash and investments. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the District's cash and investments (which does not include the payroll clearing account, which is an imprest account with a zero balance, and ambulance run lockbox account, which includes deposits in transit) at December 31 is as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$99,489	\$86,597

The District's payroll clearing account and ambulance run lockbox account deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

Budgeted vs. Actual Receipts			
<u>Year</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2000	\$710,000	\$720,404	\$ 10,404
1999	685,000	699,594	14,594

**JOINT EMERGENCY MEDICAL SERVICE DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Budgeted vs. Actual Budgetary Basis Expenditures			
Year	Appropriation Authority	Budgetary Expenditures	Variance
2000	\$ 751,385	\$ 707,512	\$ 43,873
1999	732,492	791,001	(58,509)

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ambulance Loan	\$ 78,047	6%

The Ambulance Loan was obtained in 1999 to purchase two ambulances for the District. The loan is to be repaid in four annual installments of \$29,254, including interest.

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

Year ending December 31:	Ambulance Loan
2001	\$ 29,254
2002	29,254
2003	29,254
Total	\$ 87,762

**JOINT EMERGENCY MEDICAL SERVICE DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RETIREMENT SYSTEMS**

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. Up through June 30, 2000, the District contributed an amount equal to 13.55% of participants' gross salaries. Subsequent to June 30, 2000, the District contributed an amount equal to 8.13% of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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

The District also provides an accident and sickness insurance policy for their employees.

**8. RESTATEMENT OF BEGINNING FUND BALANCE**

The beginning fund balance as previously reported was \$180,926. This fund balance incorrectly included the year-end balance of the District's payroll account, which is an imprest account. The restated beginning fund balance for January 1, 1999, is \$170,833.



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Joint Emergency Medical Service District  
Warren County  
P. O. Box 525  
Franklin, Ohio 45005

To the Board of Trustees:

We have audited the accompanying financial statements of the Joint Emergency Medical Service District, Warren County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 22, 2001. 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*. The instance of noncompliance is described in the accompanying schedule of findings as item 2000-60483-003.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 22, 2001.

### 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-60483-001, 2000-60483-002, 2000-60483-003, 2000-60483-004, and 2000-60483-005.

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 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 that none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control structure 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 February 22, 2001.

This report is intended 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.

**Jim Petro**  
Auditor of State

February 22, 2001

**JOINT EMERGENCY MEDICAL SERVICE DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-60483-001**

**Internal Control - Payroll Expenditures**

The Board does not review any supporting documentation related to the payroll expenditures of the District.

Without proper monitoring of payroll expenditures, the District could pay fictitious employees or pay an incorrect hourly rate to an employee.

We recommend the JEMS Board review and approve the monthly summary report from ADP and the bi-weekly payroll sheets that are generated by ADP for completeness, reasonableness, and accuracy. This approval should be evidenced by the Board's signature on any documentation it approves and reviews. The Clerk should show evidence of her review of the ADP reports.

**FINDING NUMBER 2000-60483-002**

**Internal Control - Payroll Reconciliations**

The payroll bank account was not reconciled during the audit period. The payroll bank account should be reconciled with the Automatic Data Processing (ADP) reports on a monthly basis.

Failure to reconcile the payroll account on a monthly basis could result in errors and/or theft could go undetected.

We recommend that the payroll account be reconciled monthly, preferably by someone independent of the payroll process. If the same person who corresponds with ADP also reconciles the payroll account, then the Board of Trustees should review the monthly payroll reconciliation.

**FINDING NUMBER 2000-60483-003**

**Noncompliance/Internal Control - Certification of Funds**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

**FINDING NUMBER 2000-60483-003  
(Continued)**

2. If the amount involved is less than \$1,000, the Fiscal Officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Sixty-six percent of the expenditures we tested were not properly certified.

Failure to properly certify funds can result in overspending funds and negative cash fund balances.

We recommend the District properly certify funds by obtaining approved purchase orders, which contain the Fiscal Officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

**FINDING NUMBER 2000-60483-004**

**Internal Control - Receipts and Expenditure Ledgers**

The District did not maintain its own receipts ledger or expenditure ledger during the audit period. These ledgers were maintained by the City of Franklin.

Failure to record all receipts and expenditures can result in incorrect receipt and expenditure records and misappropriation of funds.

We recommend that all financial activity be recorded in a receipts and expenditure ledger. All accounting entries should be posted in chronological order and reflect year-to-date totals. The District should write pre-numbered receipts for all revenue received. The receipts should be consecutively numbered and in duplicate. In addition, the District should reconcile with the City of Franklin on a monthly basis.

**FINDING NUMBER 2000-60483-005**

**Internal Control - Approval of Expenditures**

Two expenditures tested did not have an invoice. For thirteen expenditures tested we were not able to locate a purchase order. Ten percent of vouchers tested were not signed, eleven percent were not signed by the Clerk, and seventy percent were not signed by the Board. These conditions could result in misappropriation of funds.

We recommend that all Board members sign and approve the vouchers at the Board meetings before expenditures are paid by the City. The Board should not approve any expenditure unless an original invoice is attached to the voucher. Purchase orders should be issued and maintained on all expenditures before commitment of District monies.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**JOINT EMERGENCY MEDICAL SERVICE DISTRICT**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 15, 2001**