



OHIO AUDITOR OF STATE
KEITH FABER



**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY
For Year Ended DECEMBER 31, 2019 AND 2018**

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Report on the Financial Statements, Internal Control, and Compliance

Paint Creek Joint Emergency Medical Services/Fire District
Highland County
640 North Washington Street
Greenfield, Ohio 45123

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of the Paint Creek Joint Emergency Medical Services/Fire District, Highland County, (the District), as of and for the years ended December 31, 2019, and 2018. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2019-001, 2019-002, 2019-006, 2019-008, 2019-010 through 2019-013 and 2019-015 through 2019-019 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the District, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2019-002 through 2019-005, 2019-007, 2019-009 through 2019-011, 2019-014, and 2019-016 through 2019-019.

Government's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

Paint Creek Joint Emergency Medical Services/Fire District
Highland County
Report on the Financial Statements, Internal Control, and Compliance
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Keith Faber
Auditor of State
Columbus, Ohio

May 20, 2025

Paint Creek Joint EMS/Fire District
Highland County
Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
Governmental Fund Type
For the Year Ended December 31, 2019

General

Cash Receipts

Property and Other Local Taxes	\$1,765,631
Charges for Services	1,481,839
Rent	2,085
Intergovernmental	266,509
Contributions & Donations	2,449
Earnings on Investments	35,012
Miscellaneous	<u>80,114</u>

Total Cash Receipts

3,633,639

Cash Disbursements

Current Disbursements:	
General Government	48,968
Public Safety	3,547,930
Capital Outlay	1,147,055
Debt Service:	
Principal Retirement	172,770
Interest and Fiscal Charges	<u>3,204</u>

Total Cash Disbursements

4,919,927

Excess Receipts Over (Under) Disbursements

(1,286,288)

Other Financing Receipts (Disbursements)

Proceeds of Lease 1,056,678

Total Other Financing Receipts (Disbursements)

1,056,678

Net Change in Fund Cash Balance

(229,610)

Fund Cash Balances, January 1

1,850,610

Fund Cash Balances, December 31

Assigned 264,097
 Unassigned 1,356,903

Fund Cash Balances, December 31

\$1,621,000

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

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Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Paint Creek Joint Emergency Medical Services/Fire District, Highland County, Ohio, (the District) as a body corporate and politic. A nine-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the City of Greenfield and Paint, New Market, Liberty Washington, Jackson and Madison Township in Highland County and Buckskin and Paint Townships in Ross County. The District provides fire and ambulance services to residents within the District, and by mutual aid agreement to area outside the District.

The District's management believe 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 only fund of the District is the General Fund.

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.

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 (C). The basis is similar to the cash receipts and disbursements accounting basis. The District 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 (C) permit.

Budgetary Process

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

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements For the Year Ended December 31, 2019

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function 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. The District did not pass an appropriation measure for 2019 nor was any filed with the County Auditor.

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. The Fiscal Officer did not obtain a certificate of estimated resources in 2019.

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. The District did not encumber all commitments required by Ohio law.

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. The District had no fund balances in this classification.

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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2019

amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	<u>\$4,690,317</u>	<u>(\$4,690,317)</u>
2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	<u>\$5,184,024</u>	<u>(\$5,184,024)</u>

Note 4 – Deposits

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. A summary of the District's deposit account is as follows:

	2019
Demand deposits	<u>\$1,621,000</u>

Deposits

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

Note 5 – 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

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance from the National Union Fire Insurance Company of Pittsburg for the following risks:

- Property,
- Crime,
- Equipment,
- Automobile,
- General Liability,
- Management Liability and,
- Excess Liability.

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

The District's full-time Paramedics and Firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). OP&F is a cost sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits. The Ohio Revised Code also prescribed contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an annual amount equal to 24 percent of full-time fire fighters' wages.

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2019

Ohio Public Employees Retirement System

Some 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 health care 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.

Social Security

Part-time District's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Equipment Lease	\$ 54,348	7.30%
2019 Equipment Lease	336,678	4.1%
Building Lease	<u>600,000</u>	0.0%
Total	<u>\$991,026</u>	

Leases

The District leases equipment under two noncancelable lease agreements. The District disbursed \$175,974 to pay lease costs for the year ended December 31, 2019. The District entered into a building lease with the City of Hillsboro, monthly payments are required to be made with the option to purchase after four years.

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

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

<u>Year Ending December 31:</u>	<u>Equip Lease Payments</u>	<u>Building Lease Payments</u>
2020	\$112,192	\$60,000
2021	56,218	60,000
2022	56,218	60,000
2023	56,218	420,000
2024-26	<u>168,654</u>	-
Total	<u>\$449,500</u>	<u>\$600,000</u>

Note 10 – Contingent Liabilities

Litigation

The District is not party to any legal proceedings.

Federal and State Grants

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Subsequent Event

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

Note 12 – Compliance

The District's General Fund had expenditures in excess of appropriations of \$4,919,927 at December 31 2019.

Paint Creek Joint EMS/Fire District
Highland County
Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
Governmental Fund Type
For the Year Ended December 31, 2018

	<u>General</u>
Cash Receipts	
Property and Other Local Taxes	\$1,706,014
Charges for Services	1,449,002
Rent	2,085
Intergovernmental	883,645
Contributions & Donations	12,175
Earnings on Investments	29,814
Miscellaneous	<u>27,661</u>
<i>Total Cash Receipts</i>	<u>4,110,396</u>
Cash Disbursements	
Current Disbursements:	
General Government	45,870
Public Safety	3,376,669
Capital Outlay	866,283
Debt Service:	
Principal Retirement	51,238
Interest and Fiscal Charges	<u>4,736</u>
<i>Total Cash Disbursements</i>	<u>4,344,796</u>
<i>Net Change in Fund Cash Balance</i>	(234,400)
<i>Fund Cash Balances, January 1</i>	<u>2,085,010</u>
Fund Cash Balances, December 31	
Assigned	49,891
Unassigned	<u>1,800,719</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,850,610</u>

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

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Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Paint Creek Joint Emergency Medical Services/Fire District, Highland County, Ohio, (the District) as a body corporate and politic. A nine-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the City of Greenfield and Paint, New Market, Liberty, Washington, Jackson and Madison Township in Highland County and Buckskin and Paint Townships in Ross County. The District provides fire and ambulance services to residents within the District, and by mutual aid agreement to area outside the District.

The District's management believe 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

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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.

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 (C). The basis is similar to the cash receipts and disbursements accounting basis. The District 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 (C) permit.

Budgetary Process

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

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function 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. The District did not pass an appropriation measure for 2018, nor was any filed with the County Auditor.

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. The Fiscal Officer did not obtain a certificate of estimated resources in 2018.

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. The District did not encumber all commitments required by Ohio law.

A summary of 2018 budgetary activity appears in Note 3.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. The District had no fund balances in this classification.

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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by District Trustees or a District official delegated that

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements

For the Year Ended December 31, 2018

authority by resolution, or by State Statute.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018, follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$4,110,396	\$4,110,396

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$4,394,687	(\$4,394,687)

Note 4 – Deposits

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. A summary of the District's deposit account is as follows:

	2018
Demand deposits	<u>\$1,850,610</u>

Deposits

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

Note 5 – 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.

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

On January 1, 2018, the District switched from the Ohio Plan Risk Management, Inc. to purchasing commercial insurance. The District has obtained commercial insurance from the National Union Fire Insurance Company of Pittsburg for the following risks:

- Property,
- Crime,
- Equipment,
- Automobile,
- General Liability,
- Management Liability and,
- Excess Liability.

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

The District's full-time Paramedics and Firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). OP&F is a cost sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits. The Ohio Revised Code also prescribed contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an annual amount equal to 24 percent of full-time fire fighters' wages.

Ohio Public Employees Retirement System

Some 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 health care 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.

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Social Security

Part-time District's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Equipment Lease	<u>\$107,118</u>	7.30%

Lease

The District leases buildings, vehicles and other equipment under noncancelable leases. The District disbursed \$55,974 to pay lease costs for the year ended December 31, 2018.

Amortization

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

<u>Year Ending December 31:</u>	<u>Lease Payments</u>
2019	\$55,974
2020	<u>55,974</u>
Total	<u>\$111,948</u>

Note 10 – Contingent Liabilities

Litigation

The District is not party to any legal proceedings.

Paint Creek Joint EMS/Fire District

Highland County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Federal and State Grants

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Compliance

Contrary to Ohio law, the District's General Fund had expenditures in excess of appropriations of \$4,394,687 at December 31, 2018.

PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY

SCHEDULE OF FINDINGS
FISCAL YEARS ENDED DECEMBER 31, 2019 AND 2018

<i>Finding Number</i>	2019-001
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Internal Control Deficiency

Cash Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Trustees are responsible for reviewing the reconciliations and related support.

Due to a lack of controls over the reconciliation process, monthly bank to book reconciliations were attempted but not prepared correctly each month of 2019 and 2018. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Trustees should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

<i>Finding Number</i>	2019-002
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Noncompliance and Internal Control Deficiency

Improper Certification of Expenditures

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

FINDING NUMBER 2019-002
(Continued)

1. "Then and Now" certificate – If the fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – The fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls over purchasing, 3 of 22 (or 14 percent) transactions tested for 2019 and 4 of 15 (or 27 percent) transactions tested for 2018 were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the District followed the aforementioned exceptions.

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

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

<i>Finding Number</i>	2019-003
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Noncompliance

Filing of Annual Financial Report

Ohio Rev. Code § 117.38 states, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within 60 days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within 150 days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

The District's December 31, 2019 annual financial report due by March 2, 2020 was not filed with the Auditor of State until February 15, 2023. The District's December 31, 2018 annual financial report due by March 1, 2019 was not filed with the Auditor of State until February 15, 2023. Late filing of reports were due to a lack of internal controls over the financial reporting process.

Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the District.

The District should implement procedures to verify its annual financial report is filed with the Auditor of State by the required deadline. If the District is unable to meet the deadline, the District should file an extension request through the Auditor of State.

<i>Finding Number</i>	2019-004
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Noncompliance

CPIM Exemption

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, the collection of taxes, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

Ohio Rev. Code § 135.22 (E)(1) states, division (B) of this section does not apply to any treasurer who annually provides a notice of exemption to the auditor of state. The notice shall be certified by the treasurer of state and shall provide that the treasurer is not subject to the continuing education requirements set forth in division (B) of this section, because the treasurer invests or deposits public moneys in the following investments only: Interim deposits pursuant to division (B)(3) of section 135.14 of the Revised Code or section 1135.145 of the Revised Code, no-load money market mutual funds pursuant to division (B)(5) of section 135.14 of the Revised Code. The Ohio subdivision's fund pursuant to division (B)(6) of section 135.14 of the Revised Code.

The District Fiscal Officer only deposited District funds in checking accounts, and therefore, was not required to attend investment training. However, due to the lack of internal controls over training and certifications, the District Fiscal Officer did not send notice of exemption to the Auditor of State.

FINDING NUMBER 2019-004
(Continued)

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance the Fiscal Officer shall attend the annual training or complete an annual exemption and submit it to the Auditor of State's office.

<i>Finding Number</i>	2019-005
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Noncompliance

Public Records Policy to Custodian

Ohio Rev. Code § 149.43(E)(2) provides that the public office must distribute their public records policy adopted by the public office under this division to the employee of the public office who is the records custodian/records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy.

Due to deficiencies in public record request procedures and monitoring, the District did not have written acknowledgement that the policy was distributed to the public records custodian/records manager. This could result in records requests not being fulfilled in accordance with Ohio law.

The public records custodians must acknowledge receipt of the copy of the public records policy. In addition, the District should retain the written acknowledgement that the Public Records Policy was provided to the records custodian/manager.

<i>Finding Number</i>	2019-006
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Internal Control Deficiency

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.

Due to the lack of controls over financial reporting, the following errors were noted during the audit:

During 2018:

- The District incorrectly recorded \$146,164 intergovernmental revenue as property taxes.
- The District incorrectly recorded \$3,981 intergovernmental revenue as charges for services.
- The District recorded property taxes at net instead of gross which resulted in the understatement of property taxes in the amount of \$199.
- The District recorded Medicount charges for services net of fees which resulted in the understatement of charges for services in the amount of \$2,937

FINDING NUMBER 2019-006
(Continued)

During 2019:

- The District recorded \$24,682 intergovernmental revenue - homestead and rollback as property taxes.
- The District did not record \$720,000 lease proceeds or capital outlay expenditure for the inception of a lease agreement with the City of Hillsboro
- The District did not record \$336,678 lease proceeds or capital outlay expenditure for the inception of an equipment lease agreement.
- The District recorded \$120,000 of principal payments as public safety expenditures.
- The District recorded Medicount charges for services net of fees which resulted in the understatement of charges for services in the amount of \$4,244.

The District did not have procedures in place for effective monitoring of the District's financial activity, and the accuracy of accounting and financial reporting. The District Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the District, it is important that the Board take an active role in monitoring the posting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records. The District officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

The District agreed with proposed adjustments and corrected the financial statements and accounting records where appropriate.

<i>Finding Number</i>	2019-007
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Noncompliance

FEMA Accountability

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.

Due to a lack of controls over financial reporting, during 2018, the District incorrectly recorded \$622,591 FEMA grant receipts and disbursements in the General fund instead of reporting the grant activity in a Special Revenue FEMA Grant fund. This correction was not reflected on the financial statements.

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.

<i>Finding Number</i>	2019-008
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Internal Control Deficiency

Payroll

All public officials and management are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the operations of their respective public offices, and to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions.

Due to the lack of control system in place, the following conditions were noted during payroll testing:

2018 Payroll Conditions:

- One out of twenty-five employees tested was paid at the wrong rate for outclass duties, resulting in an overpayment of \$1.19.
- The Board did not establish the amount to be paid for inspections.
- One employee's hours were reported in the wrong locality, resulting in over withholding in the amount of \$2.09, overpayment to the Village of Greenfield in the amount of \$27.17 and underpayment to the City of Hillsboro in the amount of \$25.08.

2019 Payroll Conditions:

- The Board did not establish a pay policy for light duty in the minute records.
- Four out of Twenty-eight employees tested were paid at an incorrect rate, resulting in overpayments ranging in amounts of \$20 to \$140.50.
- Four employees were paid at the incorrect rate resulting in the following net errors: Greenfield was overpaid \$1.83, Hillsboro was overpaid \$2.43.
- One employee had hours worked at Hillsboro, recorded as hours worked at Rainsboro, resulting in the following withholding errors. Hillsboro was underpaid \$35.02.
- One employee's hours were reported in the wrong locality, resulting in over withholding in the amount of \$0.28, overpayment to the Village of Greenfield in the amount of \$0.83, underpayment to the City of Hillsboro in the amount of \$0.55.

Failure to have an appropriate control system in place and maintain accurate payroll records results in a lack of financial accountability, could cause employees to be paid incorrect amounts, and increases the risk that theft, fraud, or errors could occur and not be detected in a timely manner. Controls should be put in place to help ensure that all payroll disbursements are properly accounted for.

The District should establish and implement control procedures over the payroll cycle to ensure employee pay rates are formally approve in the minutes annually, accurate payroll journals are maintained, and amounts remitted for local taxes agree to the amounts withheld from employee pay.

<i>Finding Number</i>	2019-009
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Noncompliance

Expenditures Exceeding Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the District's General Fund had expenditures in excess of appropriations of \$4,394,687 and \$5,184,024 , as of December 31, 2018, and 2019, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

<i>Finding Number</i>	2019-010
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Internal Control Deficiency and Noncompliance

Official Certificate of Estimated Resources

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

Due to a lack of controls over the budgetary cycle, the Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2019 or 2018. This was not detected by the District due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The District should establish and implement controls over the budgetary cycle. The Fiscal Officer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources

<i>Finding Number</i>	2019-011
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Internal Control Deficiency and Noncompliance

Appropriation Resolution

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1st.

Due to a lack of controls over the budgetary cycle, the District did not pass an appropriation measure for 2019 or 2018, nor were they filed with the County Auditor. Failure to adopt appropriations could result in overspending and negative cash fund balances.

The District should establish and implement controls over the budgetary cycle to help ensure they pass an appropriation measure on or about the first day of each fiscal year. If the District adopts a temporary measure, they must adopt a permanent measure no later than April 1. In addition, approved appropriation measures should be filed with the County Auditor.

<i>Finding Number</i>	2019-012
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Internal Control Deficiency

Marshall Township EMS Agreement

All public officials and management are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the operations of their respective public offices, and to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions.

Section 7 of the Agreement for Fire Protection and Emergency Medical Services By and Between Marshall Township, Ohio and the Paint Creek Joint EMS/Fire District allows the District to "soft bill" any third party insurance providers for services provided to persons within the Township limits and the Township agrees to pay the amount collected at the milage rate of 2.0 taxed in the Township, generally, that would be attainable from the property located within the Township based upon the calculation of the Highland County Auditor payable quarterly in advance.

The Township paid the District \$9,528.80 quarterly, \$38,116 annually, which was the established 2.0 millage rate for first year of the agreement (2018). However, the Township nor District adjusted the billing for the difference in collections from year to year due to millage rates. This resulted in the Township underpaying the District by \$1,534.78 in 2019. These errors were due to a lack of controls in place over the EMS revenue cycle.

Failure to review the terms of contracts and review the amounts collected resulted in the District receiving less revenues than the contract provides. The District should review the contract terms and collection rates each quarter to ensure that proper amounts are received from the Township. With the amount due on the contract tied to the 2.0 millage rate, amounts actually collected could differ from year to year based on changes in property values. In addition, the District should establish and implement controls over the EMS Revenue cycle, including a review and recalculation process to ensure payments were properly calculated.

<i>Finding Number</i>	2019-013
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Internal Control Deficiency

EMS Reconciliations

Accurate and timely accounting and reconciliation procedures are key components of an effective accounting system and internal controls required to enable the District to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud and errors in a timely manner.

The District used Medicount during the audit period as a third-party administrator for Emergency Medical Service (EMS) billing purposes. Each squad enters their EMS runs into the Run Reporting System and the files are then uploaded to Medicount.

Due to deficiencies in the District's monitoring and review process, the following conditions were noted:

- A reconciliation of the EMS receipts received from Medicount was not completed. The District did receive a report of collections from the third-party administrator, however it was not used to reconcile.
- A reconciliation of run reports prepared by the EMS personnel was not being reconciled to the billing reports from Medicount to ensure that the proper rate was being charged. Additionally, the rates charged were not approved by the Board.
- The District did not maintain sufficient documentation for determining when receipts were received, resulting in an inability to determine if receipts were being timely deposited.

Without complete and timely reconciliation of service organization provided information to the information entered and processed for billing; unbilled services, and undetected billing errors could occur. To reduce the risk of undetected errors the following procedures should be implemented:

- The District should verify that all runs have been completely and accurately entered into the software system and have been processed for billing by reconciling the run reports to the monthly EMS Run Activity Report from the third-party billing service.
- The District should reconcile Medicount reports to District run records and notify the third-party billing service of any errors, omissions, or discrepancies in a timely manner.
- The District should establish controls to ensure that all receipt information is maintained in a manner that would provide all information.
- The District's Board of Trustees should review and approve the EMS rates to be charged by Medicount.

<i>Finding Number</i>	2019-014
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Noncompliance - Finding for Recovery

Finding for Recovery - Illegal Expenditures

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgement of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditures of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During fiscal years ending December 31, 2018, and 2019, the District wrote checks in the amount of \$300 each year to cash. These were for a cash prize to be given out at the annual Halloween parade each year as a prize. A check was made payable to cash, and the cash was awarded as parade prizes. This took place in 2018, and 2019 (\$600 total during audit period).

Additionally, in 2019, the District wrote a check for \$73 for cash for Halloween candy. The check was made out to cash, and the cash was used to purchase the candy to be given out for Halloween.

Due to the lack of controls over purchasing, the District did not maintain documentation or support for these expenditures. The District did not provide a receipt for the candy purchase or identification of to whom the cash prize was awarded. Additionally, the District did not document governing body approval for these expenditures.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010). The \$673 expenditures paid to cash occurred while James Barrett was Fiscal Officer.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against James Barrett, Former Fiscal Officer, and his bonding company Employers Mutual Casualty Company, jointly and severally, in the amount of \$673 and in favor of Paint Creek EMS & Fire District’s General Fund.

<i>Finding Number</i>	2019-015
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Internal Control Deficiency

Minute Records

Due to the lack of controls over the public meeting records, the following conditions relating to the District minutes were noted:

- The Board did not review or approve any Board packets for the District during the meetings.
- The minutes indicated that the Board was approving a bank reconciliation; however, complete bank reconciliations were not being prepared and presented to the Board.
- The minutes did not document all pay rates.
- Signed minutes were not provided for audit.
- The District did not always document adjournment of the meeting.
- The District spent \$6,000 to provide a funeral dinner for family and fellow firefighters of a fallen firefighter who died in the line of duty, which was open to the public, but the Board did not formally approve the expenditure.

Failure to properly maintain and approve accurate minutes could lead to possible omissions or alterations to the minutes record without the Board's knowledge, and discrepancies in ordinances and resolutions being passed by the Board resulting in disputes between the District and the public over funds and laws. Not receiving and approving detailed monthly financial reports inhibits the Board's ability to properly monitor the District's funds and could result in deficit spending.

The District should establish and implement an internal control process over public meetings and their records. The District should prepare all minutes promptly after each meeting, approve them at the subsequent meeting, have District officials sign the minutes and maintain a complete minute book. In addition, the District should be receiving a monthly financial report presenting month and year-to-date budgeted and actual revenues and expenditures, and reconciled fund balances for all District funds. This financial report should be approved in the minutes and a copy maintained with the minutes record. Additionally, the determination of what constitutes a public purpose is primarily a legislative function. As such the decision to expend public funds "must be made in accordance with the procedural formalities governing the exercise of legislative power. Specifically, the decision must be memorialized by a duly enacted ordinance or resolution and may have prospective effect only" 1982 Op., Atty. Gen No 82-006. The Board should approve unusual expenditures in the minutes to demonstrate that they are for a proper public purpose.

<i>Finding Number</i>	2019-016
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Internal Control Deficiency & Noncompliance

Federal Income Taxes

26 U.S.C. § 3102 states that Medicare taxes should be deducted from employees' compensation for all employees hired after March 31, 1986. Furthermore, employers are liable for reporting and remitting these taxes.

26 U.S.C. § 3402(a)(1) states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

26 U.S.C. § 3403 states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

Due to the lack of internal controls over the payroll cycle, the District withheld federal income taxes and related taxes from the employees' earnings, but failed to remit these withholdings to the IRS by the due date for 2018 and 2019.

Failure to promptly remit payments resulted in unnecessary payments and penalties and interest. The District should establish and implement controls over the payroll cycle. The District should withhold federal income and /or Medicare from all applicable officials and employees' compensation and remit payments to the Internal Revenue Service in a timely manner.

This matter will be referred to the Internal Revenue Service

<i>Finding Number</i>	2019-017
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Internal Control Deficiency & Noncompliance

State of Ohio Income Taxes

Ohio Rev. Code § 5747.07 requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code § 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year.

Due to the lack of internal controls over the payroll cycle, the District withheld state income taxes from the employees' earnings, but failed to remit the withholdings to the State of Ohio by the due date for 2018 and 2019.

Failure to promptly remit payments resulted in unnecessary payments and penalties and interest.

The District should establish and implement controls over the payroll cycle. The Fiscal Officer should remit payment in accordance with applicable law and file the required reports when completing the last payroll of the year to avoid interest and penalties.

This matter will be referred to the Ohio Department of Taxation.

<i>Finding Number</i>	2019-018
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Internal Control Deficiency & Noncompliance

Ohio Public Employees Retirement System (OPERS)

Ohio Rev. Code § 145.47(A) states each public employee who is a contributor to the public employees retirement system shall contribute eight per cent of the contributor's earnable salary to the employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee's earnable salary.

Ohio Rev. Code § 145.47(B) requires the fiscal officer of each local authority to transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period. The system, after making a record of all receipts under this division, shall deposit the receipts with the treasurer of state for use as provided by this chapter.

Ohio Rev. Code § 145.48(A) states each employer shall pay to the public employees retirement system an amount that shall be a certain per cent of the earnable salary of all contributors to be known as the "employer contribution," except that the public employees retirement board may raise the employer contribution to a rate not to exceed fourteen per cent of the earnable salaries of all contributors.

FINDING NUMBER 2019-018
(Continued)

Ohio Rev. Code § 145.51(A) states each employer shall pay into the employers' accumulation fund, in monthly installments, an amount certified by the public employees retirement board, which equals the employer obligation as described in section 145.12 or 145.69 of the Revised Code. In addition, the board shall add to the employer billing next succeeding the amount, with interest, to be paid by the employer to provide the member with contributing service credit for the service prior to the date of initial contribution to the system for which the member has made additional payments, except payments made pursuant to former section 145.29 or sections 145.28 and 145.292 of the Revised Code.

Ohio Rev. Code § 145.51 (B) states except as provided in section 145.52 of the Revised Code, all employer obligations described in division (A) of this section must be received by the public employees retirement system not later than the thirtieth day after the last day of the calendar month for which related member contributions are withheld.

Due to the lack of internal controls over the payroll cycle, the District withheld OPERS retirement contributions from the employees' earnings, but failed to remit these employee withholdings and employer contributions to OPERS by the due date for 2018 and 2019.

Failure to promptly remit payments resulted in unnecessary payments and penalties and interest. The District should establish and implement controls over the payroll cycle. The Fiscal Officer should ensure that all withheld contributions and employer contributions are remitted to OPERS by the due date.

This matter will be referred to the Ohio Public Employees Retirement System.

<i>Finding Number</i>	2019-019
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Internal Control Deficiency & Noncompliance

Ohio Police and Fire Pension Fund (OP&F)

Ohio Rev. Code § 742.31(C) requires employers to deduct employee contributions from the employee's salary for each payroll period, irrespective of whether the minimum compensation provided by law for the employee is reduced thereby.

Ohio Rev. Code § 742.32(A) requires the fiscal officer of each employer to transmit monthly to the secretary of the board of trustees of the Ohio police and fire pension fund a report of employee deductions in such form as the board requires. The report shall show all deductions for the fund made pursuant to section 742.31 of the Revised Code and shall be accompanied by payments covering the total of such deductions. The report shall also include the name of each member for whom deductions were made and the portion of the payment attributed to that member. The report and payment are due the last day of the month following the last business day of the reporting period.

Ohio Rev. Code § 742.35 states each employer shall pay its police officer employers' contribution and firefighter employers' contribution in monthly payments as provided in sections 742.33 and 742.34 of the Revised Code. The employer shall make each payment not later than the last day of the month after the month for which the police officer or firefighter employee contributions were withheld. If an employer fails to make the payment installment by the date it is due, a penalty determined under section 742.352 of the Revised Code shall be assessed against the employer. In addition, interest on past due accounts and penalties may be charged at a rate determined by the board from the date the payment is due to the date of payment.

FINDING NUMBER 2019-019
(Continued)

Due to the lack of internal controls over the payroll cycle, the District withheld OP&F retirement contributions from the employees' earnings, but failed to remit these employee contributions and employer contributions to OP&F by the due date for 2018 and 2019.

Failure to promptly remit payments resulted in unnecessary payments and penalties and interest. The District should establish and implement controls over the payroll cycle. The Fiscal Officer should ensure that all employees' contributions and employer contributions are remitted to OP&F by the due date.

This matter will be referred to the Ohio Police and Fire Pension Fund.

Response from the District's Board of Trustees:

The Board of Trustees acknowledges receipt of the Audit Reports issued by the Ohio Auditor of State concerning the financial activities of the Paint Creek Joint EMS & Fire District for the periods of January 1, 2018 – December 31, 2019, and January 1, 2020 – December 31, 2022.

We are deeply concerned by the audit findings and the overall lack of internal oversight during the tenure of the former Fiscal Officer, James Barrett. For clarification, Mr. Barrett resigned his position on September 27, 2022, following repeated attempts by the Board to address ongoing audit concerns.

On October 18, 2022, Linda Hopkins was appointed as the District's Fiscal Officer. Clear expectations were set upon her hiring. Over the past 2½ to 3 years, Ms. Hopkins, in collaboration with the Fire Chief, has worked diligently to gather the necessary documentation for the Auditor and to implement robust internal controls and financial oversight systems. These efforts have addressed nearly all of the deficiencies identified in the audit reports.

Key improvements implemented to increase financial accountability include:

- **Monthly Cash Reconciliation:** Reconciliations are completed monthly and distributed to Board members at least one week prior to meetings for review.
- **Fund Establishment:** All funds are established with Board approval and submitted to the County Auditor as required.
- **Timely Financial Reporting:** The annual financial report is submitted to the Auditor of State as required.
- **Training Compliance:** All required training by the Auditor of State is completed, or exemptions are filed accordingly.
- **Correction of Past Errors:** All prior financial reporting errors identified in the audits have been corrected per Auditor direction, with ongoing diligence to ensure continued accuracy.
- **Discontinuation of Cash Prizes:** The use of cash for Halloween Parade prizes has been discontinued by the District and is now managed by IAFF Local 4811. We understand the primary concern was the lack of documentation for these expenditures and have eliminated this practice.
- **Appropriations Documentation:** Permanent appropriations are approved by the Board and attached to the meeting minutes in which they are adopted.
- **Revenue Certification:** The Official Certificate of Estimated Resources is submitted to the County Auditor, with all changes in revenue also approved by the Board and submitted accordingly.
- **Appropriations-based Expenditures:** All expenditures align with appropriations. The Board receives detailed monthly and annual appropriations reports one week prior to each meeting.
- **EMS & Fire Contracts:** Contracts are now set at fixed annual amounts, eliminating calculations based on property valuation.
- **EMS Revenue Management:** All EMS revenues are properly documented and Medicount reports are used for reconciliation. EMS billing rates – unchanged since the original contract – are scheduled for review and Board approval on May 27, 2025.

- **Improved Payroll Processes:** Payroll reporting has been enhanced to ensure accuracy in tracking income tax districts. The process now includes checks and balances by the Administrative Captain, Fiscal Officer, and Fire Chief.
- **Tax Withholding Reconciliation:** A tracking spreadsheet cross-references UAN reports to ensure proper collection, payment, and reconciliation of all federal, Medicare, state, local, and school taxes. This is also verified by the Fire Chief.
- **Pension Reporting Oversight:**
 - **OP&F (Ohio Police & Fire Pension Fund):** Reports, withholdings, and payments are processed by the Fire Chief and verified by the Fiscal Officer.
 - **OPERS (Ohio Public Employees Retirement System):** Reports, withholdings, and payments are processed by the Fiscal Officer and verified by the Fire Chief.
- **Grant Management:** All grant funds, including FEMA monies, are properly received, recorded, and applied to appropriate accounts. The Board approves and submits updated Certificates of Estimated Resources to the County Auditor.

The Board of Trustees takes its fiduciary responsibilities seriously and is fully committed to restoring public trust. We will continue to enhance our policies, procedures, and transparency to ensure the responsible stewardship of public funds.

Paint Creek Joint EMS FIRE DISTRICT

640 North Washington St. P.O Box 79 Greenfield, OH 45123
Phone 97-981-94

Board Members: Jacob Meyers, Cory Taylor, Randy Mustard, Ron Ward
Dick Barrera, Arthur Harless, Chad Frazier, Jason Brown, Bart Barton, Josh Roe
Chief: David E. Manning II Assistant Chief: William M. Strain
Fiscal Officer: Linda Hopkins

PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT HIGHLAND COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FYD DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Fully Corrected?	Additional Information
2017-001	Ohio Administrative Code Section 117-2-02A – Financial Reporting Deficiencies	No	Reissued as Finding 2019-006
2017-002	Ohio Rev. Code Section 5705.41 (D)- Prior certification of expenditures	No	Reissued as Finding 2019-002
2017-003	Ohio Revised Code Section 5705.41(B) – Expenditures in excess of Appropriations	No	Reissued as Finding 2019-009
2017-004	Ohio Revised Code Section 5705.39 – Estimated Resources	No	Reissued as Finding 2019-010
2017-005	Monthly Reconciliations	No	Reissued as Finding 2019-001
2017-006	Ohio Revised Code Section 5705.38(A) Appropriation Resolution	No	Reissued as Finding 2019-011

OHIO AUDITOR OF STATE KEITH FABER



PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT

HIGHLAND 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 6/10/2025

65 East State 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