

TEMS JOINT AMBULANCE DISTRICT

JEFFERSON COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2018 and 2017





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Board of Trustees
TEMS Joint Ambulance District
PO Box 307
Toronto, OH 43964

We have reviewed the *Independent Auditor's Report* of TEMS Joint Ambulance District, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. TEMS Joint Ambulance District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

September 6, 2019

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TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

TEMS Joint Ambulance District
Jefferson County
P.O. Box 307
Toronto, Ohio 43964-0307

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of TEMS Joint Ambulance District, Jefferson County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

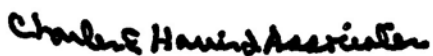
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of TEMS Joint Ambulance District, Jefferson County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 28, 2019

TEMS Joint Ambulance District
Jefferson County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 355,973	-	355,973
Charges for Services	398,363	-	398,363
Intergovernmental	41,597	-	41,597
Earnings on Investments	1,302	\$ 4	1,306
Miscellaneous	6,566	-	6,566
<i>Total Cash Receipts</i>	<u>803,801</u>	<u>4</u>	<u>803,805</u>
Cash Disbursements			
Current:			
Public Safety	718,987	-	718,987
<i>Total Cash Disbursements</i>	<u>718,987</u>	<u>-</u>	<u>718,987</u>
<i>Excess Receipts Over (Under) Disbursements</i>	84,814	4	84,818
Other Financing Receipts (Disbursements)			
Sale of Capitals Assets	33,994	-	33,994
Transfers In	-	48,000	48,000
Transfers Out	(62,000)	-	(62,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(28,006)</u>	<u>48,000</u>	<u>19,994</u>
<i>Net Change in Fund Cash Balance</i>	56,808	48,004	104,812
<i>Fund Cash Balances, January 1, restated</i>	<u>210,895</u>	<u>25,184</u>	<u>236,079</u>
Fund Cash Balances, December 31			
Committed	-	73,188	73,188
Unassigned	267,703	-	267,703
<i>Fund Cash Balances, December 31</i>	<u>\$ 267,703</u>	<u>\$ 73,188</u>	<u>\$ 340,891</u>

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

TEMS Joint Ambulance District
Jefferson County
Statement of Cash Receipts, Cash Disbursements and
Changes In Fund Balance (Regulatory Cash Basis)
Agency Fund
For the Year Ended December 31, 2018

	Fiduciary Fund Type
	Agency
Cash Disbursements	
Current:	
Employee Fringe Benefits	\$ 15,426
<i>Total Cash Disbursements</i>	15,426
<i>Excess Receipts Over (Under) Disbursements</i>	(15,426)
Other Financing Receipts (Disbursements)	
Transfers In	14,000
<i>Total Other Financing Receipts (Disbursements)</i>	14,000
<i>Net Change in Fund Cash Balance</i>	(1,426)
<i>Fund Cash Balance, January 1, restated</i>	2,002
<i>Fund Cash Balance, December 31</i>	\$ 576

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

TEMS Joint Ambulance District
Jefferson 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 TEMS Joint Ambulance District, Jefferson County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are The City of Toronto, District of Stratton, District of Empire and Knox Township. The District provides Ambulance services within the District and by contract to areas outside the District.

Public Entity Risk Pool

The Township participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

The District’s management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are 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 fund of the District is presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Ambulance Fund This fund receives money from the general fund in monthly \$4,000 transfers for the purchase of a new ambulance on a rotating basis.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the District’s own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The District disburses these funds as directed by the individual, organization or other government. The District had the following significant Agency Fund:

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

FSA Fund The FSA fund receives transfers committed by Board resolution for the purpose of paying employee deductible cost.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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:

Fund Balance (continued)

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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 authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$89,687 for the year ended December 31, 2018.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 715,063	\$ 837,795	\$ 122,732
Capital Projects	48,000	48,004	4

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 691,300	\$ 780,987	\$ (89,687)
Capital Projects	70,000	-	\$ 70,000

Note 5 – Deposits and Investments

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

	2018
Demand deposits	\$ 226,301
Certificates of deposit	115,166
Total deposits	\$ 341,467

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. At December 31, 2018, \$45,734 of deposits were not insured or collateralized.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Taxes (continued)

Property Taxes (continued)

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 7 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

2018	
Cash and investments	\$35,381,789
Actuarial liabilities	\$12,965,015

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plans (continued)

Ohio Public Employees Retirement System (continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants’ gross salaries. The District has paid all contributions required through December 31, 2018.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member-Directed Plan was 4% during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2017 Police Interceptor (SUV) Lease	\$36,414	3.15%
2018 Braun Ambulance Lease	215,065	4.29%
Total	<u>\$251,479</u>	

The District entered into a lease agreement to finance the purchase of a police interceptor vehicle in 2017. Due to clerical error with the lender, the first payment for the SUV loan was made in 2019. The District also entered into a lease agreement to finance the purchase of a new Braun ambulance in 2018. The SUV loan will be repaid from the general fund whereas the ambulance loan will be repaid from the capital project fund.

Amortization

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

<u>Year Ending December 31:</u>	<u>SUV Lease</u>	<u>Ambulance Lease</u>
2019	\$9,842	\$59,773
2020	9,842	59,773
2021	9,842	59,773
2022	9,842	59,774
Total	<u>\$39,369</u>	<u>\$239,093</u>

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 - Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

Note 12 – Prior Period Adjustment

During the District's accounting system conversion from SafeChoice to UAN in 2018, management decided to move the ambulance and flexible spending account activity to the capital projects and agency funds, respectively instead of its prior classification as a general fund, which resulted in the following prior period adjustment:

	General Fund	Capital Projects Fund	Agency Fund
Fund Balance, December 31, 2017	\$ 238,081	-	-
Adjustments, Net	(27,186)	\$ 25,184	\$ 2,002
Restated Fund Balance, January 1, 2018	<u>\$ 210,895</u>	<u>\$ 25,184</u>	<u>\$ 2,002</u>

TEMS Joint Ambulance District
Jefferson County
Statement of Cash Receipts, Cash Disbursements and
Changes In Fund Balance (Regulatory Cash Basis)
General Fund
For the Year Ended December 31, 2017

	<u>General</u>
Cash Receipts	
Property and Other Local Taxes	\$343,483
Charges for Services	406,370
Intergovernmental	35,354
Earnings on Investments	414
Miscellaneous	12,782
	<u>798,403</u>
<i>Total Cash Receipts</i>	<i>798,403</i>
Cash Disbursements	
Current Disbursements:	
Security of Persons and Property:	
Salaries	373,264
Fringe Benefits	172,754
Materials and Supplies	35,579
Equipment	45,846
Utilities	20,175
Contract Services	24,214
Repair and Maintenance	22,426
Other	44,432
Debt Service:	
Principal Retirement	121,555
Interest and Fiscal Charges	4,556
	<u>864,801</u>
<i>Total Cash Disbursements</i>	<i>864,801</i>
<i>Net Change in Fund Cash Balance</i>	<i>(66,398)</i>
<i>Fund Cash Balance, January 1</i>	<i>304,479</i>
	<u>304,479</u>
Fund Cash Balance, December 31	
Committed	25,184
Unassigned	212,897
	<u>238,081</u>
<i>Fund Cash Balance, December 31</i>	<i>\$238,081</i>

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of TEMS Joint Ambulance District, Jefferson County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are The City of Toronto, Village of Stratton, Village of Empire and Knox Township. The District provides Ambulance services within the District and by contract to areas outside the District.

Public Entity Risk Pool

The Township participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

The District’s management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash 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 fund of the District is presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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 authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund

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 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$158,501 for the year ended December 31, 2017.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 746,224	\$ 798,403	\$ 52,179

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 706,300	\$ 864,801	\$ (158,501)

Note 5 – Deposits and Investments

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

	2017
Demand deposits	\$ 124,201
Certificates of deposit	113,880
Total deposits	\$ 238,081

Deposits

Deposits are insured by the Federal Depository Insurance Corporation (FDIC) or collateralized for 102 percent through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. All deposits are insured by FDIC.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Taxes (continued)

Property Taxes (continued)

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

Note 7 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government’s share of these unpaid claims collectible in future years is approximately \$9,000.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 – Risk Management (continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u>
\$14,645

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants’ gross salaries. The District has paid all contributions required through December 31, 2017.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the Member-Directed Plan was 4% during calendar year 2017.

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
2017 Police Interceptor (SUV) Lease	\$ 36,414	3.15%
Total	\$ 36,414	

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 – Debt (continued)

The District entered into a lease agreement to finance the purchase of a new police interceptor vehicle. The lease totaled \$36,414 with an annual interest rate of 3.15%. Due to clerical error with the lender, the first payment for the lease was made in 2019. The loan will be repaid from the general fund.

Amortization

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

Year Ending December 31:	Police Interceptor Lease
2019	\$9,842
2020	9,842
2021	9,842
2022	9,842
Total	<u>\$39,369</u>

Note 11 - Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

TEMS Joint Ambulance District
Jefferson County
P.O. Box 307
Toronto, Ohio 43964-0307

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of TEMS Joint Ambulance District, Jefferson County (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 28, 2019, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

A deficiency in internal control 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. *A material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider findings 2018-002 and 2018-003 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2018-004 and 2018-005 described in the accompanying Schedule of Findings to be significant deficiencies.


Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2018-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 28, 2019.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
June 28, 2019

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

Finding Number 2018-001

Noncompliance - Disbursements Plus Encumbrances Exceeded Appropriations

Ohio Rev. Code §5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

At December 31, 2018 and 2017, disbursements plus encumbrances exceeded appropriations in the General Fund by \$89,687 and \$158,501, respectively. The District Fiscal Officer did not post updated appropriations within the Accounting System, which led to the Board of Trustees not having adequate and updated information to base budgetary decisions upon. This could also result in a negative fund balance.

The District Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer should request the Board of Trustees to approve increased disbursement levels by increasing appropriations in the minutes and amending estimated resources, if necessary and available.

Management Response:

No response received from officials.

Finding Number 2018-002

Material Weakness - Posting of Authorized Budgetary Measures

Sound accounting practices require accurately posting approved estimated resources and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board of Trustees to make informed decisions regarding budgetary matters.

The District did not have procedures in place to accurately post authorized budgetary measures to the accounting ledgers in 2018 and 2017. The following variances were identified:

2018:

Fund	Certificate of Estimated Resources	Resources Posted in the Ledgers	Variance
General	\$715,063	\$770,000	\$54,937
Capital Project	\$48,000	\$0	\$48,000

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS - Continued
DECEMBER 31, 2018 AND 2017**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - Continued**

Finding Number 2018-002 (continued)

Material Weakness - Posting of Authorized Budgetary Measures (continued)

Fund	Appropriations Approved by the Board	Appropriations Posted to Accounting System	Variance
General	\$691,300	\$838,800	\$147,500
Capital Project	\$70,000	\$0	\$70,000

2017:

Fund	Certificate of Estimated Resources	Resources Posted in the Ledgers	Variance
General	\$746,224	\$710,000	\$36,224

Fund	Appropriations Approved by the Board	Appropriations Posted to Accounting System	Variance
General	\$706,300	\$646,000	\$60,300

When authorized budgetary measures are not accurately posted to the ledgers, the budget versus actual information generated by the District’s accounting system is not an accurate reflection of the intentions of the Board of Trustees.

The Fiscal Officer and Board of Trustees should take steps to help ensure that all budgetary amendments are posted in an accurate and timely manner. They should compare the appropriations and certificate of estimated resources to actual receipts and disbursements on a monthly basis and approve any modification necessary.

Management Response:

No response received from officials.

Finding Number 2018-003

Material Weakness - Posting of Receipts and Expenses

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS - Continued
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - Continued
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Finding Number 2018-003 (continued)

Material Weakness - Posting of Receipts and Expenses (continued)

The Fiscal Officer did not correctly post certain receipts and disbursements. This was attributed to the Fiscal Officer not abiding by the adopted chart of accounts or the Auditor of State Joint Ambulance District financial statement shell, the lack of procedures to help ensure accurate postings (SafeChoice), and familiarity with the new accounting system (UAN). The District Fiscal Officer has agreed to the following adjustments, which are reflected in the accompanying financial statements and District records:

During 2017,

- Adjusted the financial statements to report miscellaneous receipts.
- Adjusted the financial statements to reports actual disbursements namely: fringe benefit, material and supplies, purchase of equipment, utilities, contract services and other disbursements.
- Adjusted the financial statements to properly report beginning fund balance.
- Adjusted the financial statements to report lease payments.
- Adjusted the financial statements to report property tax revenue at gross instead of net.
- Adjusted the financial statements to properly classify fund balances in accordance with Governmental Accounting Standards Board (GASB) Statement 54.
- Adjusted the financial statement to record homestead and rollbacks as intergovernmental receipts instead of property and other local taxes.
- Various changes to the footnotes were required to conform to Auditor of State requirements.

During 2018,

- The receipt of homestead and rollbacks incorrectly recorded as property and other local taxes instead of intergovernmental receipts.
- The sale of a vehicle, defibrillators, refunds, and cardiopulmonary resuscitation (cpr) revenue were recorded as intergovernmental instead of sale of capital assets, miscellaneous receipts, and charges for services.
- The sale of vehicle was recorded as other financing sources instead of sale of capital assets.
- Refunds, CPR receipts, and sale of equipment were recorded as special items instead of miscellaneous receipts and sale of capital asset.
- Various changes to the footnotes were required to conform to Auditor of State requirements.

Failure to consistently properly post all transactions increases the possibility the District will not be able to identify, assemble, analyze, classify record and report its transactions correctly or to document compliance with finance related legal and contractual requirements.

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS - Continued
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - Continued
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Finding Number 2018-003 (continued)

Material Weakness - Posting of Receipts and Expenses (continued)

Sound financial reporting is the responsibility of the District and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the District adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the UAN manual and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management Response:

No response received from officials.

Finding Number 2018-004

Significant Deficiency - Cash Reconciliation

The reconciliation of the accounting records of the District to the cash balance is the most basic and primary control process performed by the fiscal officer of an organization. Lack of completing an accurate and timely reconciliation allows for accounting errors, theft and fraud to occur without timely detection. The Fiscal Officer is responsible for reconciling the District's book (fund) balance to the total bank balance on a monthly basis.

An examination of the District's cash reconciliation as of December 31, 2018 and 2017 identified the following concerns:

- The District implemented a new accounting system during the audit period and beginning balances for the General bank accounts were not entered into the system properly. The variance in the General account fluctuated throughout the audit period. This was due to the District not properly posting all activity each month. The net effect of these errors resulted in the District's bank balances exceeding their book balances by \$569 at year end in 2018;
- The District properly completes bank reconciliation as evidence by review of the Bank Reconciliation Report monthly for each bank account; however, the Report reconciles only the bank statement rather than reconciling each statement balance to the accounting system in 2017.

The lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle. The District needs to investigate and post a cash adjustment to the General Ledger in the amount of \$569 with an effective date of January 1, 2019.

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS - Continued
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - Continued
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Finding Number 2018-004 (continued)

Significant Deficiency - Cash Reconciliation (continued)

The District should adopt procedures regarding the cash reconciliation process. The Fiscal Officer should reconcile all bank accounts to the ledgers on a monthly basis. Monthly reports detailing the reconciling of the book to bank balances should be presented to the Board for review and approval.

Management Response:

No response received from officials.

Finding Number 2018-005

Significant Deficiency – Required Accounting Records

A review of the District's accounting system and records identified, especially in 2017 the following:

- The District did not maintain a detailed receipt ledger or an appropriation ledger. Rather, they maintain a general ledger which lists receipts and expenses. However, the General Ledger only classifies daily deposit amounts as a lump sum rather than being broken out and assigned a pre-numbered receipt;
- The District did not adequately maintain employee leave balances within the accounting system; and
- Although the District has a list of capital assets included in the annual insurance policy, assets are not tagged and a schedule is not maintained of when the asset was acquired or disposed of and what the value of the asset was when purchased. The District does not have a formal capital assets policy or a capitalization threshold.

These conditions are the result of the District not having a policy in place to ensure required accounting records are maintained. Failure to maintain the required accounting records could result in mispostings and adjustments to the financial statements. In addition, the risk of errors increases for paying employees for incorrect leave balances upon separation from the District. Failure to establish a capital asset policy and maintain an updated listing of assets with all of the required information could result in lost insurance monies.

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS - Continued
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - Continued
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Finding Number 2018-005 (continued)

Significant Deficiency – Required Accounting Records (continued)

Ohio Admin. Code § 117-2-02(D) requires that all public offices maintain accounting records in a manual or computerized format and include the following:

- Receipt ledger, which classifies receipts into separate accounts for each type of receipt. The amount, date, name of payer, purpose, receipt number, and estimated amounts should be recorded;
- Appropriation ledger, which may classify disbursements into separate accounts, at a minimum, each account listed in the appropriation resolution. The amount, date, check number, purchase order number, encumbrance amount, unencumbered balance, and amount of each disbursement should be entered into the appropriate columns;
- Capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number; and
- Payroll records including information regarding employee leave balances and usage.

Additionally, **Ohio Admin. Code § 117-2-02(C)** requires that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

To help ensure adequate records are maintained and reflect all financial transactions, the District should maintain the required accounting records.

Management Response:

No response received from officials.

**TEMS Joint Ambulance District
Jefferson County**

**Schedule of Prior Audit Findings
For the Years Ended December 31, 2018 and 2017
Prepared by Management**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Noncompliance: Ohio Revised Code Section 5705.41(B) -Disbursements plus encumbrances exceeded appropriations.	Not Corrected	A new accounting system was purchased and installed (UAN). Many issues still persist.
2016-002	Noncompliance: Ohio Revised Code Chapter 133 -Improper issuance of debt	Not Corrected	None
2016-003	Material weakness: Posting of authorized budgetary measures	Not Corrected	None
2016-004	Material weakness: Posting of receipts and disbursements	Not Corrected	None
2016-005	Significant deficiency – Cash reconciliation	Not Corrected	None
2016-006	Significant deficiency – Required accounting records	Partially Corrected	A new accounting system was purchased and installed (UAN). Many issues were resolved but some are still causing problems.
2018-007	Significant deficiency – Budgetary internal control	Partially Corrected	New system (UAN) allows for posting of budgetary internal control.

OHIO AUDITOR OF STATE KEITH FABER



TEMS JOINT AMBULANCE DISTRICT

JEFFERSON 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
SEPTEMBER 19, 2019**