



**MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Madison Emergency Medical District
Madison County
P.O. Box 68
London, Ohio 43140

To the Board of Trustees:

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the District, as of December 31, 1999 and December 31, 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

August 7, 2000

**MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Cash Receipts:		
Local Taxes	\$607,074	\$539,186
Intergovernmental Receipts	69,861	58,201
Licenses, Permits, and Fees	52,805	55,415
Earnings on Investments	3,725	3,520
Miscellaneous	11,182	5,814
Total Cash Receipts	744,647	662,136
Cash Disbursements:		
Current:		
General Government	157,055	138,651
Other Public Safety	451,206	392,354
Capital Outlay	192,725	2,038
Total Cash Disbursements	800,986	533,043
Total Cash Receipts Over/(Under) Cash Disbursements	(56,339)	129,093
Other Financing Receipts/(Disbursements):		
Other Sources	1,272	23,836
Total Other Financing Receipts/(Disbursements)	1,272	23,836
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(55,067)	152,929
Cash Balances, January 1	267,830	114,901
Cash Balances, December 31	\$212,763	\$267,830

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

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**MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Madison Emergency Medical District, Madison County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a six-member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions are the City of London, Deercreek Township, Monroe Township, Oak Run Township, Paint Township, and Union Township. The District provides emergency medical services within the District and by contract to areas outside the District.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Budgetary Process

The Ohio Revised Code requires the District to budget annually.

1. Appropriations

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

2. Estimated Resources

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

**MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Process (continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 212,763	\$ 267,830

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 721,491	\$ 745,919	\$ 24,428

1999 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 991,500	\$ 800,986	\$ 190,514

**MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (continued)

1998 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 571,629	\$ 685,972	\$ 114,343

1998 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 668,500	\$ 533,043	\$ 135,457

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

**MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Madison Emergency Medical District
Madison County
P.O. Box 68
London, Ohio 43140

To the Board of Trustees:

We have audited the accompanying financial statements of the Madison Emergency Medical District, Madison County, Ohio (the District), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated August 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated August 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-60649-01 to 1999-60649-05.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated August 7, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

August 7, 2000

**MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1999-60649-01	
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Monitoring Controls

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Monitoring controls generally are concerned with users' analysis of reports or other forms of data produced by the accounting system. Such data may indirectly provide assurance as to the reliability of financial reporting information if it conforms with the users' expectations.

There are insufficient monitoring controls by management over revenue collection, expenditure processing, and financial reporting by the Clerk to identify unusual fluctuations in the District's revenues, overdue payments, and the accuracy of the District's monthly cash reconciliations. The lack of monitoring controls does not prevent control override by District employees.

We recommend the District appoint a member(s) of the Board to periodically review detailed information regarding revenues, expenditures, and monthly cash balance. These Board members should also review the bank account reconciliations.

1999-60649-02	
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Check Processing

The Clerk issued several manual checks during the audit period and those checks issued were not accurately recorded when input to the system (check numbers, dates, and amounts did not always agree). We also noted the information on the system derived checks (check numbers, dates, and amounts) did not always agree with the corresponding information in the system derived Fund Journal. Also, not all checks which had been voided were entered to the system as a void check and not all checks which had been physically marked void were done so in a manner which would prevent the depository from accepting these checks.

These weaknesses decrease assurance of completeness of transactions and outstanding checks at year-end and allow for accounting errors and irregularities to occur without timely detection. We recommend the Clerk monitor expenditure transactions to ensure the data on the checks issued agree with corresponding entries in the system derived expenditure reports, ensure manual checks are properly input to the system when issued, include void checks in the computerized ledgers as such, and disfigure void checks in a manner which would prevent them from being accepted by the depository.

**MADISON EMERGENCY MEDICAL DISTRICT
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

1999-60649-03	
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Processing of Expenditures

We noted several invoices contained evidence (i.e., aging schedules on invoices, assessment of late penalties, etc.) of the District making late payments, making multiple payments of invoices received, paying from a monthly statement which did not include actual charge slips (showing the detail of the items purchased) and paying invoices which were not obligations of the District. The District was assessed late payment fees on many of these expenditures.

In many cases the District either received a credit on their account, or the vendor returned the check when multiple payments were made or when a bill had been sent to the District in error. Without an effective monitoring control system there exists the probability improper payments will be made.

We recommend the Clerk and Board of Trustees more closely monitor the expenditure activity of the District to ensure payments made are for proper expenditures of the District, to ensure each invoice is only paid once and payments made are for actual expenditures of the District and are paid only from original invoices submitted to the District. We also recommend the Clerk remit payments to vendors by the due date listed on the respective invoices to prevent the assessment of late fees by the vendors.

1999-60649-04	
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Expenditure Documentation

There were several sequences of checks which were not supported by original source documentation (original invoices, approved voucher covers, etc.). Not maintaining original source documentation could result in the District making improper payments and could result in loss or misuse of the District's resources.

We recommend payment only be made from an original invoice and all invoices paid be maintained for audit as well as future reference by the Board of Trustees.

1999-60649-05	
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Check Signing

We noted several checks which were signed and dated prior to the invoice date which indicates the Clerk and a member of the Board of Trustees signed blank checks prior to purchase. Signing blank checks could lead to loss or misuse of the District's resources.

We recommend the District cease the practice of signing blank checks and only complete these checks once the original invoice has been received.



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MADISON EMERGENCY MEDICAL DISTRICT

MADISON 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, 2000**