



**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005-2004**



**Auditor of State  
Betty Montgomery**



**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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 governmental activities, each major fund, and the aggregate remaining fund information of Madison Emergency Medical District, Madison County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Emergency Medical District, Madison County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2005 and 2004, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 28, 2006

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**  
Unaudited

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This discussion and analysis of the Madison County Emergency Medical District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2005 and December 31, 2004, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key highlights for 2005 are as follows:

Net assets increased by 45 percent, or \$199,460, as compared to 2004. This was due to the absence of major capital expenditures and increased charges for services revenues.

The District's primary funding source is property and other local tax receipts. These receipts represented approximately 68 percent of the total cash received for governmental activities during the year. Charges for services, or run receipts, constituted approximately 21 percent of total receipts. The District has increases fees charged to non-residents of the District in recent years to remain consistent with other emergency service providers.

Key highlights for 2004 are as follows:

Net assets decreased by 4 percent, or \$16,417. This was due to the purchase of a new medic in 2004.

The District's primary funding source is property and other local tax receipts. These receipts represented approximately 74 percent of the total cash received for governmental activities during the year. Charges for services, or run receipts, constituted approximately 16 percent of total receipts. The District has increases fees charged to non-residents of the District in recent years to remain consistent with other emergency service providers.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Unaudited  
(Continued)

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District as a Whole**

The statement of net assets and the statement of activities reflect how the District did financially during 2005 and 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the District at December 31, 2005 and December 31, 2004. The statement of activities compares cash disbursements with program receipts. Program receipts include charges for emergency medical services provided by District. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental activity draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating.

The statement of net assets and the statement of activities present governmental activities, which includes all the District's services. Property and other local tax receipts finance most of these activities. The District has no business-type activities.

**Reporting the District's Funds**

Fund financial statements provide detailed information about the District's major funds - not the District as a whole. The District establishes separate funds to better manage its activities and to help demonstrate that moneys held by the District for restricted purposes are being used for the intended purpose. All of the District's funds are governmental.



**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Unaudited  
(Continued)

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District's major governmental fund in 2005 and 2004 was the General Fund. The District established a separate fund in 2005 for the accumulation of funds for future capital improvements. This Capital Improvement Fund is designated as a non-major fund (funds whose activity or balances are not large enough to warrant separate reporting). Because the District reports on a cash basis, the total of the governmental funds matches governmental activities and no reconciliation is required.

**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2005, 2004, and 2003 on the cash basis:

**(Table 1)  
Net Assets**

	Governmental Activities		
	2005	2004	2003
<b>Assets</b>			
Cash	\$ 645,816	\$ 446,356	\$ 462,773
Total Assets	645,816	446,356	462,773
<b>Net Assets</b>			
Unrestricted	645,816	446,356	462,773
Total Net Assets	\$ 645,816	\$ 446,356	\$ 462,773

Net assets of governmental activities have increased \$183,043 since 2003 (\$199,460 increase and \$16,417 decrease during 2005 and 2004, respectively). The primary reason contributing to the increase in cash balances is attributed to the increase in charges for emergency medical services provided which was approved by the Board of Trustees in January, 2004. In addition, there were no major capital improvement expenses in 2005.

Table 2 reflects the changes in net assets in 2005 and 2004. Since the District did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented for 2003.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Unaudited  
(Continued)

**(Table 2)  
Changes in Net Assets**

	Governmental Activities	
	2005	2004
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 267,044	\$ 193,906
Operating Grants and Contributions	32,738	13,726
Total Program Receipts	299,782	207,632
General Receipts:		
Property and Other Local Taxes	854,167	872,950
Grants and Entitlements Not Restricted to Specific Programs	97,168	95,178
Interest	8,242	3,956
Miscellaneous	4,116	1,931
Total General Receipts	963,693	974,015
Total Receipts	1,263,475	1,181,647
Disbursements:		
General Government	245,737	234,364
Public Safety	790,931	764,361
Capital Outlay	27,347	199,339
Total Disbursements	1,064,015	1,198,064
Increase (Decrease) in Net Assets	199,460	(16,417)
Net Assets, January 1	446,355	462,773
Net Assets, December 31	\$ 645,815	\$ 446,356

Property taxes levied for general purposes represent 68 percent of total receipts in 2005 and 74 percent of total receipts in 2004 and are the primary revenue source of the District.

Disbursements for public safety operations represent 74 percent of the total disbursements in 2005 and 64 percent of the total disbursements in 2004. These expenditures tie directly to provision of emergency medical services. General government disbursements are comprised primarily of insurance and pension expense as well as the Clerk's salary and benefits.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Unaudited  
(Continued)

**Governmental Activities**

If you look at the Statement of Activities for 2005 on page 10 and for 2004 on page 15, you will see that the first column lists the major disbursements of the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, which accounted for 23 percent of all disbursements in 2005 and 20 percent of disbursements in 2004. Public safety accounted for 74 percent of disbursements in 2005 and 64 percent of disbursements in 2004. The next columns of the Statement entitled Program Cash Receipts identifies amounts received by the District that directly relate to providing the activities of the District. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by general receipts. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)**

	<b><u>Governmental Activities</u></b>			
	Total Cost Of Services	Net Cost (Gain) of Services	Total Cost Of Services	Net Cost (Gain) of Services
	2005	2005	2004	2004
General Government	\$245,737	\$245,737	\$234,364	\$234,364
Public Safety	790,931	491,149	764,361	556,729
Capital Outlay	27,347	27,347	199,339	199,339
<b>Total Expenses</b>	<b><u>\$1,064,015</u></b>	<b><u>\$764,233</u></b>	<b><u>\$1,198,064</u></b>	<b><u>\$990,432</u></b>

**The District's Funds**

Total governmental funds had receipts of \$1,263,475 and \$1,181,647, in 2005 and 2004, respectively. Total governmental funds had disbursements of \$1,064,015 and \$1,198,064, in 2005 and 2004, respectively.

General Fund receipts increased \$81,828 in 2005 compared to 2004 and \$180,232 in 2004 compared to 2003. The increase was due primarily to increases in charges for emergency medical services provided by the District as well as increases in taxable value of the District.

**General Fund Budgeting Highlights**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations measure, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations measure is the District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the fund, department, and object level for all funds.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Unaudited  
(Continued)

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The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**Capital Assets and Debt Administration**

**Capital Assets**

The District does not currently keep track of its capital assets.

**Debt**

At December 31, 2005, the District had no debt outstanding.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens and the District management with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to John Green, Clerk, Madison County Emergency Medical District, PO Box 68, London, Ohio 43140.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash	<u>\$ 645,816</u>
<i>Total Assets</i>	<u><u>\$645,816</u></u>
<b>Net Assets</b>	
Unrestricted	<u>645,816</u>
<i>Total Net Assets</i>	<u><u>\$ 645,816</u></u>

See accompanying notes to the basic financial statements.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 245,737	\$ -	\$ -	\$ (245,737)
Public Safety	790,931	267,044	32,738	(491,149)
Capital Outlay	27,347	-	-	(27,347)
<b>Total</b>	<b>\$ 1,064,015</b>	<b>\$ 267,044</b>	<b>\$ 32,738</b>	<b>\$ (764,233)</b>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				\$ 854,167
Grants and Entitlements not Restricted to Specific Programs				97,168
Interest				8,242
Miscellaneous				4,116
<i>Total General Receipts</i>				<u>963,693</u>
Change in Net Assets				199,460
<i>Net Assets Beginning of Year</i>				<u>446,356</u>
<i>Net Assets End of Year</i>				<u>\$ 645,816</u>

See accompanying notes to the basic financial statements.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<u>General</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash	\$ 595,816	\$ 50,000	\$ 645,816
<i>Total Assets</i>	<u>595,816</u>	<u>50,000</u>	<u>645,816</u>
<b>Fund Balances</b>			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	595,816	-	595,816
Capital Projects Fund	-	50,000	50,000
<i>Total Fund Balances</i>	<u>\$ 595,816</u>	<u>\$ 50,000</u>	<u>\$ 645,816</u>

See accompanying notes to the basic financial statements

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Other Governmental Fund	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$ 854,167	\$ -	\$ 854,167
Charges for Services	267,044	-	267,044
Intergovernmental	121,606	-	121,606
Interest	8,242	-	8,242
Other	12,416	-	12,416
<i>Total Receipts</i>	<u>1,263,475</u>	<u>-</u>	<u>1,263,475</u>
<b>Disbursements</b>			
Current:			
General Government	245,737	-	245,737
Public Safety	790,931	-	790,931
Capital Outlay	27,347	-	27,347
<i>Total Disbursements</i>	<u>1,064,015</u>	<u>-</u>	<u>1,064,015</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>199,460</u>	<u>-</u>	<u>199,460</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	50,000	50,000
Transfers Out	(50,000)	-	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	149,460	50,000	199,460
<i>Fund Balances Beginning of Year</i>	<u>446,356</u>	<u>-</u>	<u>446,356</u>
<i>Fund Balances End of Year</i>	<u>\$ 595,816</u>	<u>\$ 50,000</u>	<u>\$ 645,816</u>

See accompanying notes to the basic financial statements.



**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 950,000	\$ 950,000	\$ 854,167	\$ (95,833)
Charges for Services	175,000	175,000	267,044	92,044
Intergovernmental	7,500	7,500	121,606	114,106
Interest	4,500	4,500	8,242	3,742
Other	2,000	2,000	12,416	10,416
<i>Total receipts</i>	<u>1,139,000</u>	<u>1,139,000</u>	<u>1,263,475</u>	<u>124,475</u>
<b>Disbursements</b>				
Current:				
General Government	266,950	268,950	245,737	23,213
Public Safety	778,000	798,000	790,931	7,069
Capital Outlay	22,000	46,000	27,347	18,653
<i>Total Disbursements</i>	<u>1,066,950</u>	<u>1,112,950</u>	<u>1,064,015</u>	<u>48,935</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>72,050</u>	<u>26,050</u>	<u>199,460</u>	<u>173,410</u>
Transfers Out	-	(50,000)	(50,000)	-
<i>Net Change in Fund Balance</i>	72,050	(23,950)	149,460	173,410
<i>Fund Balance Beginning of Year</i>	<u>446,356</u>	<u>446,356</u>	<u>446,356</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 518,406</u></u>	<u><u>\$ 422,406</u></u>	<u><u>\$ 595,816</u></u>	<u><u>\$ 173,410</u></u>

See accompanying notes to the basic financial statements

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2004**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	<u>\$ 446,356</u>
<i>Total Assets</i>	<u><u>446,356</u></u>
<b>Net Assets</b>	
Unrestricted	<u>446,356</u>
<i>Total Net Assets</i>	<u><u>\$ 446,356</u></u>

See accompanying notes to the basic financial statements.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 234,364	\$ -	\$ -	\$ (234,364)
Public Safety	764,361	193,906	13,726	(556,729)
Capital Outlay	199,339	-	-	(199,339)
<b>Total</b>	<u>1,198,064</u>	<u>193,906</u>	<u>13,726</u>	(990,432)
<b>General Receipts</b>				
Property Taxes Levied for:				
				872,950
				95,178
				3,956
				<u>1,931</u>
				<u>974,015</u>
				(16,417)
				<u>462,773</u>
				<u>\$ 446,356</u>

See accompanying notes to the basic financial statements.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE  
GENERAL FUND  
DECEMBER 31, 2004**

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	<u>General</u>
<b>Assets</b>	
Cash	\$ 446,356
<i>Total Assets</i>	<u>446,356</u>
<b>Fund Balance</b>	
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	446,356
<i>Total Fund Balance</i>	<u>\$ 446,356</u>

See accompanying notes to the basic financial statements.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CASH BASIS FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DEEMBER 31, 2004**

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	<u>General</u>
<b>Receipts</b>	
Property and Other Local Taxes	\$ 872,950
Charges for Services	193,906
Intergovernmental	108,904
Interest	3,956
Other	<u>1,931</u>
<i>Total Receipts</i>	<u>1,181,647</u>
<b>Disbursements</b>	
Current:	
General Government	234,364
Public Safety	764,361
Capital Outlay	<u>199,339</u>
<i>Total Disbursements</i>	<u>1,198,064</u>
<i>Net Change in Fund Balance</i>	(16,417)
<i>Fund Balance Beginning of Year</i>	<u>462,773</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 446,356</u></u>

See accompanying notes to the basic financial statements.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 940,000	\$ 940,000	\$ 872,950	\$ (67,050)
Charges for Services	125,000	125,000	193,906	68,906
Intergovernmental	7,500	7,500	108,904	101,404
Interest	4,000	4,000	3,956	(44)
Other	2,500	2,500	1,931	(569)
<i>Total receipts</i>	<u>1,079,000</u>	<u>1,079,000</u>	<u>1,181,647</u>	<u>102,647</u>
<b>Disbursements</b>				
Current:				
General Government	272,250	267,250	234,364	32,886
Public Safety	777,500	794,500	764,361	30,139
Capital Outlay	258,000	235,000	199,339	35,661
<i>Total Disbursements</i>	<u>1,307,750</u>	<u>1,296,750</u>	<u>1,198,064</u>	<u>98,686</u>
<i>Net Change in Fund Balance</i>	(228,750)	(217,750)	(16,417)	201,333
<i>Fund Balance Beginning of Year</i>	462,773	462,773	462,773	-
<i>Fund Balance End of Year</i>	<u>\$ 234,023</u>	<u>\$ 245,023</u>	<u>\$ 446,356</u>	<u>\$ 201,333</u>

See accompanying notes to the basic financial statements.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004**

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**Note 1 – Reporting Entity**

The Madison County Emergency Medical District, Madison County, Ohio (the District), is a body politic and corporate established in 1983 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed seven-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the City of London, Deer Creek Township, Monroe Township, Oak Run Township, Paint Township, Somerford Township, and Union Township. The District also has a Clerk appointed by the Board who serves at the pleasure of the Board.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides emergency medical services within the District.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. There were no component units of the District for the years ended December 31, 2005 and 2004.

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**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions and charges for services.

The statement of net assets presents the cash balance and capital assets of the governmental and business-type activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

**Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The District uses fund accounting 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. Funds are used to segregate resources that are restricted as to use.

**Governmental Funds**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's only major governmental fund is the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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.



**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**C. Basis of Accounting**

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations measure, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations measure is the District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash."

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2005 and 2004, the District maintained a money market account and general checking account through the local depository.

Interest earnings are allocated to District funds according to state statutes. Interest receipts credited to the General Fund during 2005 and 2004 was \$8,242 and \$3,956 respectively.

**F. Restricted Assets**

Cash is reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Fund Balance Reserves**

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**Note 3 – Change in Basis of Accounting**

For 2003, the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2005 and 2004, the District has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

The transition from the regulatory basis of accounting to the cash basis of accounting did not require any changes to fund balance as previously reported at December 31, 2003.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Note 5 – Deposits and Investments**

Monies held by the District are classified by State statute into three categories.

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

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

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

Interim monies held by the District can be deposited or invested in the following securities:

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

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**Note 5 - Deposits and Investments** (continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the District or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

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**Note 5 - Deposits and Investments** (continued)

At December 31, 2005 and 2004, the carrying amount of the District's deposits was \$645,816 and \$446,356 and the bank balance was \$684,445 and \$477,135. Of the bank balance \$200,000 was covered by federal depository insurance and \$484,445 and \$277,135 was collateralized by the Depository's collateral pool. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005 and 2004, \$484,445 and \$277,135 of the District's bank balance of \$684,445 and \$477,135 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2005 and 2004 represent the collection of 2004 and 2003 taxes. Real property taxes received in 2005 and 2004 were levied after October 1, 2004 and 2003, on the assessed values as of January 1, 2004 and 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 and 2004 represent the collection of 2004 and 2003 taxes. Public utility real and tangible personal property taxes received in 2005 and 2004 became a lien on December 31, 2003 and 2002, were levied after October 1, 2004 and 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 and 2004 (other than public utility property) represent the collection of 2005 and 2004 taxes. Tangible personal property taxes received in 2005 and 2004 were levied after October 1, 2004 and 2003, on the true value as of December 31, 2004 and 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all District operations for the years ended December 31, 2005 and 2004, was \$3 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

**Note 6 – Property Taxes (Continued)**

Real Property	2005	2004
Residential/Agriculture	\$245,783,730	\$ 241,131,990
Other Real Property	46,517,120	44,139,710
Tangible Personal Property	<u>44,003,600</u>	<u>49,130,390</u>
Total Assessed Value	\$336,304,450	\$ 334,402,090

**Note 7 – Risk Management**

**Risk Pool Membership**

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

	<b><u>2005</u></b>	<b><u>2004</u></b>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

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**Note 8 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2005 and 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The District's contribution rate for pension benefits for 2005 and 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, 2003, and 2002 were \$92,013, \$85,375, \$86,037, and \$77,562 respectively. The District contributed \$65,678 of the 2005 obligation at year-end with the fourth quarter liability to be paid in the first quarter of 2006. The full amount has been contributed for 2004, 2003 and 2002.

**Note 9 - Postemployment Benefits**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 and 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

**MADISON COUNTY EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

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**Note 9 - Postemployment Benefits (Continued)**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 and 2004 which were used to fund postemployment benefits were \$27,162 and \$25,203. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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.





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Emergency Medical District, Madison County, Ohio (the District) as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 28, 2006, wherein we noted the District implemented the cash basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-002.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated July 28, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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### **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, providing an opinion 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the District's management dated July 28, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

July 28, 2006

**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-001**

**Expenditure of Public Funds/Proper “Public Purpose”  
Finding for Recovery Repaid Under Audit**

*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 judgment 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 Expenditure 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.

As a part of testing expenditures, it was found that the District expended funds for purposes not allowable as follows:

Check Number	Check Date	Vendor	Items Purchased	Amount
22187	11/5/04	Kmart	Halloween Candy	20.93
22192	11/5/04	London Florist	Flowers	40.00
22317	12/17/04	Kmart	Christmas Decorations	70.75
			<b>Total</b>	<b>\$ 131.68</b>

The District did not enact an ordinance or resolution which demonstrates what public purpose such expenditures serve, nor did the Board have a policy permitting these types of expenditures.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co., 120 Ohio St. 47 (1929); 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985).

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended would have been issued against John Green, Clerk of Madison Emergency Medical District, in the amount of one hundred thirty one dollars and sixty eighty cents (\$131.68), and in favor of Madison Emergency Medical District’s General Fund.

However, the District was repaid on September 18, 2006. This payment was credited to the General fund.

**Officials’ Response**

The management of the District concurs there was no policy, ordinance, or resolution passed to support these types of expenditures. The management does believe there is a public purpose served by being a part of and participating in community events such as Halloween observances and the City of London downtown lights festival at Christmas. Participating in these events improves the visibility of the District in the community and fosters community spirit and support. In accordance with the facts laid out above the Findings have been repaid and if the District elects to continue participating in community events such costs as are required will be funded through a donation by the management or employees rather than being funded with public monies.

**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**FINDING NUMBER 2005-002**

**Travel Expenditures  
Reportable Condition**

The District has adopted a policy related to expense reimbursements. However, the District did not follow the policy during the audit period. Policy 10.03 of the Personnel Policy Manual states that the District will reimburse employees for allowable expenses that the employee incurs for District purposes. Employees are to submit an expense form which itemizes the expenses with true and actual receipts attached to the form, unless the policy excludes the requirement (i.e. parking meter expenses).

It was noted that the District provided advances for travel expenses and requested the employees to provide documentation of the expenses incurred after-the-fact. During 2004, a \$900 advance was made to the Chief to provide a food allowance for 6 employees attending a conference. A total of \$587.01 in receipts were provided from the trip; of these receipts, \$414.87 consisted of allowable meal purchases; \$83.12 consisted of alcohol purchases; \$89.02 of the receipts were not itemized (i.e. possible alcohol or unallowable purchases); and \$312.99 of the \$900 allowances was not supported by any receipts.

During 2005, the District advanced \$150 each to 5 employees for a food allowance. Each employee returned more than \$150 of itemized food receipts to the Clerk to support the advance. There were no expense forms provided for any of the expenses incurred by the employees.

We recommend the District adhere to the terms outlined in the current expense policy, which includes itemized expense reimbursement forms. Employees should not be provided advances for travel as this is not in accordance with the policy.

**Officials' Response**

The management of the District has reviewed the policy in question and will recommend the Board make appropriate modifications to permit advances for employees traveling out-of-state on District business. The employees will be required to complete an expense form which has been compiled for such purpose and to submit appropriate receipts in support of expenditures. The Board was notified of the discrepancy in receipts after the 2004 trip. Before the 2005 trip the employees receiving advances were notified that any funds advanced to them which were not supported by appropriate receipts would be deducted from their subsequent pay. In 2005 there was no problem obtaining the appropriate receipts.



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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  
OCTOBER 10, 2006**