



Dave Yost • Auditor of State



**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Cash Balances - For the Years Ended December 31, 2010, 2009 and 2008 .....	3
Notes to the Financial Statement.....	5
Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.....	9
Schedule of Findings.....	11
Schedule of Prior Audit Findings.....	13

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# Dave Yost • Auditor of State

## ACCOUNTANTS' REPORT

Southeast Ohio Emergency Medical Services District  
Gallia County  
3240 State Route 160  
Gallipolis, Ohio 45631

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of the Southeast Ohio Emergency Medical Services District, Gallia County, Ohio (the District), as of and for the years ended December 31, 2010, 2009 and 2008 following Ohio Administrative Code Section 117-4-02.

The accompanying financial statements present receipts and disbursements by fund totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

As discussed in Note 8 to the financial statements, the Board of Trustees voted to dissolve the District and cease operations as of December 31, 2010. Upon liquidation of assets and liabilities at December 31, 2010, any remaining equity will be transferred to Athens, Jackson and Lawrence Counties according to the agreed-upon proportions.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under 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 that reads "Dave Yost".

**Dave Yost**  
Auditor of State

April 14, 2011

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**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008**

<u>Year</u>	<u>Cash Balance January 1</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance December 31</u>
2010	\$560,753	\$8,763,389	\$9,101,085	\$223,057
2009	517,830	8,005,327	7,962,404	560,753
2008	567,085	8,201,775	8,251,030	517,830

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

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**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Southeast Ohio Emergency Medical Services District, Gallia County (the District), as a body corporate and politic. The District was created under Section 307.05 of the Ohio Rev. Code with the following counties: Athens, Jackson, Lawrence and Vinton. During 1997, Vinton County withdrew its membership. The District was organized on January 1, 1996 and operates under a nine member Board of Trustees which consists of three representatives from each county in the District. Emergency medical services are provided to each county under a contract agreement. Each county is billed on a monthly basis for the services provided to their county.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

**B. Accounting Basis**

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

The District did not classify its receipts or disbursements in the accompanying financial statement. This is a material departure from the requirements of Ohio Administrative Code Section 117-02-02(A). This Ohio Administrative Code Section requires classifying receipts and disbursements.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Property, Plant, and Equipment**

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

**D. Accumulated Leave**

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

**2. Deposits**

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

	2010	2009	2008
NOW Accounts	\$222,774	\$470,306	\$451,966
Savings Accounts	283	90,447	65,864
Total deposits	<u>\$223,057</u>	<u>\$560,753</u>	<u>\$517,830</u>

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010, 2009 AND 2008  
(Continued)**

**2. Deposits (Continued)**

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

**3. Debt**

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$18,904	2%

The District issued general obligation notes to finance the purchase of new communication equipment in 2007.

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

	General Obligation Notes
Year ending December 31, 2011	\$19,086

**4. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2010, 2009 and 2008, OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

**5. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles (Fleet); and
- Errors and omissions.
- Public Officials' Wrongful Act Liability
- Inland Marine

**6. Contingent Liabilities**

At December 31, 2010, the District was the defendant in two lawsuits. Both suits were either settled or dismissed as of the date of the report.

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010, 2009 AND 2008  
(Continued)**

**7. Member County Financial Activity**

The following table shows a breakdown of direct and allocated activity for each member county for 2010, 2009 and 2008:

	2010			
	Athens	Jackson	Lawrence	Total
Member County Contributions	\$1,921,298	\$940,232	\$1,215,456	\$4,076,986
Other Receipts	1,352,916	1,043,706	2,289,781	4,686,403
<b>Total Receipts</b>	<b>3,274,214</b>	<b>1,983,938</b>	<b>3,505,237</b>	<b>8,763,389</b>
Expenditures	3,403,821	2,204,822	3,492,442	9,101,085
<b>Total Expenditures</b>	<b>3,403,821</b>	<b>2,204,822</b>	<b>3,492,442</b>	<b>9,101,085</b>
Receipts Over/(Under) Expenditures	(\$129,607)	(\$220,884)	\$12,795	(\$337,696)

	2009			
	Athens	Jackson	Lawrence	Total
Member County Contributions	\$1,820,917	\$985,958	\$1,072,288	\$3,879,163
Other Receipts	1,166,352	958,350	2,001,462	4,126,164
<b>Total Receipts</b>	<b>2,987,269</b>	<b>1,944,308</b>	<b>3,073,750</b>	<b>8,005,327</b>
Expenditures	3,131,271	1,876,133	2,955,000	7,962,404
<b>Total Expenditures</b>	<b>3,131,271</b>	<b>1,876,133</b>	<b>2,955,000</b>	<b>7,962,404</b>
Receipts Over/(Under) Expenditures	(\$144,002)	\$68,175	\$118,750	\$42,923

	2008			
	Athens	Jackson	Lawrence	Total
Member County Contributions	\$1,820,917	\$981,909	\$1,286,464	\$4,089,290
Other Receipts	1,279,654	989,282	1,843,549	4,112,485
<b>Total Receipts</b>	<b>3,100,571</b>	<b>1,971,191</b>	<b>3,130,013</b>	<b>8,201,775</b>
Expenditures	3,236,080	2,054,789	2,960,162	8,251,031
<b>Total Expenditures</b>	<b>3,236,080</b>	<b>2,054,789</b>	<b>2,960,162</b>	<b>8,251,031</b>
Receipts Over/(Under) Expenditures	(\$135,509)	(\$83,598)	\$169,851	(\$49,256)

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010, 2009 AND 2008  
(Continued)**

**8. Subsequent Events**

As a result of increasing operating losses, the District discontinued operations as of December 31, 2010 and each of the previously participating counties established separate emergency medical services districts. Upon the liquidation of assets and liabilities of the District, any remaining equity will be proportionately divided among the three counties.

On February 8, 2011, the Board was notified of the following past due obligations:

- General obligation loan payment of \$6,840, which includes a \$100 late fee;
- Ohio Public Employees Retirement System obligations of \$86,481, plus \$1,633 in interest and penalties;
- Athens City Income Tax in the amount of \$228 relating to 2009.

Including the amounts above, the District had outstanding obligations totaling \$303,514 at February 8, 2011.



# Dave Yost • Auditor of State

## **ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

Southeast Ohio Emergency Medical Services District  
Gallia County  
3240 State Route 160  
Gallipolis, Ohio 45631

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of the Southeast Ohio Emergency Medical Services District, Gallia County, Ohio (the District), as of and for the years ended December 31, 2010, 2009 and 2008, following Ohio Admin. Code Section 117-4-02. We noted the District did not classify receipts and disbursements in its financial statements. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### **Internal Control over Financial Reporting**

During our procedures related to the internal control over financial reporting we noted matters that, in our judgment, could adversely affect the District's ability to initiate, authorize, record, process, or report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2010-001 and 2010-002.

### **Compliance and Other Matters**

We tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the District. Noncompliance with these requirements could impact the District's ability to determine financial statement amounts. The results of our tests disclosed an instance of noncompliance or other matters that is reported in the accompanying Schedule of Findings as item 2010-001.

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

Southeast Ohio Emergency Medical Services District  
Gallia County  
Accountants' Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Page 2

We intend this report solely for the information and use of the management and the Board of Trustees.  
We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

April 14, 2011

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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**FINDING NUMBER 2010-001**

**Noncompliance Finding and Internal Control Deficiency**

Ohio Admin. Code 117-2-02 requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by Section 117-2-03 of the Administrative Code.

All local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- (2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payer, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- (3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

In addition, all local public offices should maintain or provide a report similar to the following payroll records:

- W-2's, W-4's and other withholding records and authorizations.
- Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay, and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments.
- Check register that includes, in numerical sequence, the check number, payee, net amount, and the date.
- Information regarding nonmonetary benefits such as car usage and life insurance.
- Information, by employee, regarding leave balances and usage.

Using these accounting records will provide the District with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

During the audit period, the District did not properly maintain a complete cash journal, receipts ledger, appropriation ledger, or payroll journal. There was no indication of performance of bank reconciliations. As a result, the District was unable to prepare an accurate and complete set of financial statements for the audit period.

Failure to maintain adequate accounting records restricted the District's ability to monitor its financial activity and status, eliminating key management tools for making sound financial decisions.

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)</b>
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**FINDING NUMBER 2010-001 (Continued)**

**Noncompliance Finding and Internal Control Deficiency - Ohio Admin. Code 117-2-02 (Continued)**

Since the District dissolved and each of the previously participating counties established separate EMS districts, we recommend the newly-formed districts utilize an accounting system in accordance with Ohio Admin. Code 117-2-02.

**Officials' Response:** This matter is currently considered and addressed in each of the three Counties' policies and procedures.

**FINDING NUMBER 2010-002**

**Internal Control Deficiency**

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the District's staff did not allow for an adequate segregation of duties; the District Fiscal Officer was responsible for overseeing all accounting functions. It is therefore important that the District Board of Trustees function as a finance committee to monitor financial activity closely. There was no documentation of the extent to which the District Fiscal Officer provided the Board with accurate or adequate bank reconciliations, financial reports and records to monitor financial activity of the District.

This resulted in the ledgers of the District not being posted up-to-date, errors in the reconciliation, and errors and omissions occurring in the District's annual financial statements without the timely knowledge of the Board.

Since the District dissolved and each of the previously participating counties established separate EMS districts, we recommend financial information be presented to the County Boards on a regular basis. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. The Board should also perform a periodic review their own District's cashbook to gain assurances that the records are posted up to date, in agreement with the presented reports and reflect authorized transactions. The minute record should reflect these reviews.

**Officials' Response:** This matter is currently considered and addressed in each of the three Counties' policies and procedures.



**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Material Weakness for failing to properly classify receipts and disbursements	No	Not Corrected; Reissued as Finding Number 2010-001.

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# Dave Yost • Auditor of State

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES**

**GALLIA 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  
MAY 5, 2011**