



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

PAINT CREEK JOINT EMERGENCY MEDICAL
SERVICES/FIRE DISTRICT
HIGHLAND COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2017 and 2016
Fiscal Years Audited Under GAGAS: 2017 and 2016



Dave Yost • Auditor of State

Board of Trustees
Paint Creek Joint Emergency Management Services/Fire District
640 North Washington Street
Greenfield, Ohio 45123

We have reviewed the *Independent Auditor's Report* of the Paint Creek Joint Emergency Management Services/Fire District, Highland County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 31, 2018

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Paint Creek Joint Emergency Medical Service/Fire District
Highland County
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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Paint Creek Joint Emergency Medical Services/Fire District, Highland County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Paint Creek Joint Emergency Medical Services/Fire District, Highland County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
June 15, 2018

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Governmental Fund Type
	General Fund
Cash Receipts:	
Property Taxes	\$ 1,702,297
Intergovernmental	273,204
Charges for Services	1,517,585
Earnings on Investments	14,400
Miscellaneous	11,192
Total Cash Receipts	3,518,678
Cash Disbursements:	
Current:	
General Government	36,942
Public Safety	3,189,261
Capital Outlay	352,650
Debt Service:	
Redemption of Principal	49,750
Interest and Fiscal Charges	6,224
Total Cash Disbursements	3,634,827
Net Change in Fund Cash Balance	(116,149)
Fund Cash Balance, January 1	2,201,159
Restricted	-
Unassigned (Deficit)	2,085,010
Fund Cash Balance, December 31	\$ 2,085,010

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The District has one checking account and one savings account.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following fund types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

E. Budgetary Process

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies (Continued)

1. Appropriations

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

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 approve estimated resources.

3. Encumbrances

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

A summary of 2017 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The District had no fund balances in this classification.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Cash

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

	<u>2017</u>
Demand Deposits	\$2,085,010

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2017 as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$ -	\$ 3,518,678	\$ 3,518,678
Total	\$ -	\$ 3,518,678	\$ 3,518,678

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$ 3,598,473	\$ 3,634,827	\$ (36,354)
Total	\$ 3,598,473	\$ 3,634,827	\$ (36,354)

4. Property Tax

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

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 full-time Paramedics and Firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time District employees belong to the Ohio Public Employees Retirement System (OPERS). Part-time District Paramedics and Firefighters pay into Social Security (SS) Retirement. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2017. OPERS members contributed 12 percent of their gross salaries and the District contributed an amount equaling 18.10 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. Debt

Debt outstanding at December 31, 2017, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Equipment Lease	\$158,356	7.3%
Total	\$158,356	

The District entered into a lease purchase agreement to purchase new SCBA equipment for \$260,744 in 2016.

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

Year Ending December 31:	Equipment Lease
2018	55,974
2019	55,974
2020	55,974
Total	\$167,922

7. Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

7. Risk Management (Continued)

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	2016
Assets	<u>\$14,765,712</u>
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u><u>\$5,234,206</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Governmental Fund Type
	General Fund
Cash Receipts:	
Property Taxes	\$ 1,576,143
Intergovernmental	540,906
Charges for Services	1,471,306
Earnings on Investments	2,714
Miscellaneous	28,513
Total Cash Receipts	3,619,582
Cash Disbursements:	
Current:	
General Government	51,154
Public Safety	2,578,815
Capital Outlay	439,586
Debt Service:	
Redemption of Principal	52,638
Interest and Fiscal Charges	3,336
Total Cash Disbursements	3,125,529
Net Change in Fund Cash Balance	494,053
Fund Cash Balance, January 1	1,707,106
Restricted	-
Unassigned (Deficit)	2,201,159
Fund Cash Balance, December 31	\$ 2,201,159

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The District has one checking account and one savings account.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following fund types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

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

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 approve estimated resources.

3. Encumbrances

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

A summary of 2016 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The District had no fund balances in this classification.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. Equity in Pooled Cash

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

	2016
Demand Deposits	\$2,201,159

Deposits: Deposits are 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 year ending December 31, 2016 as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,951,481	\$ 3,619,582	\$ 668,101
Total	\$ 2,951,481	\$ 3,619,582	\$ 668,101

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,229,998	\$ 3,125,529	\$ 104,469
Total	\$ 3,229,998	\$ 3,125,529	\$ 104,469

4. Property Tax

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

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

5. Retirement Systems

The District's full-time Paramedics and Firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time District employees belong to the Ohio Public Employees Retirement System (OPERS). Part-time District Paramedics and Firefighters pay into Social Security (SS) Retirement. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2016. OPERS members contributed 12 percent of their gross salaries and the District contributed an amount equaling 18.10 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

6. Debt

Debt outstanding at December 31, 2016, was as follows:

	Principal	Interest Rate
Equipment Lease	\$208,106	7.3%
Total	\$208,106	

The District entered into a lease purchase agreement to purchase new SCBA equipment for \$260,744 in 2016.

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

Year Ending December 31:	Equipment Lease
2017	55,974
2018	55,974
2019	55,974
2020	55,974
Total	\$223,896

7. Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

7. Risk Management (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u><u>\$5,234,206</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.



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

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Paint Creek Joint Emergency Services/Fire District, Highland County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 15, 2018 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001, 2017-002 and 2017-005 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 through 2017-004 and 2017-006.

District's Response to Findings

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

Purpose of this Report

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



BHM CPA Group, Inc.
Piketon, Ohio
June 15, 2018

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

FINDING NUMBER 2017-001

Material Noncompliance/Material Weakness

Ohio Administrative Code Section 117-2-02A directs all 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, and prepare financial statements required by Rule 117-2-03 of the OAC. Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the District's internal controls over financial reporting. Misstatements were identified in the following areas:

- Intergovernmental revenues,
- Charges for Services, Revenues,
- Other financing sources,
- Principal payments,
- Interest payments
- Capital outlay,
- Fund Balances

All of the above noted adjustments have been posted to the financial statements and to the District's UAN accounting system.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the UAN Manual for guidance on the correct line item to post various receipts and expenditures of the District.

Client Response:

The Fiscal Officer will consult with UAN for assistance in the future for guidance on posting.

FINDING NUMBER 2017-002

Material Weakness/Non-Compliance

Ohio Revised Code section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto.

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

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

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

**FINDING NUMBER 2017-002
(Continued)**

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

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

The District’s Fiscal Officer did not certify the availability of funds prior to making commitments for five disbursements tested in 2016 and seven disbursements tested in 2017. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

The District’s Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Ohio Rev. Code section 5705.41(D) requires to authorize disbursements.

Client Response:

The District did not provide a response to this finding.

FINDING NUMBER 2017-003

Material Noncompliance

Ohio Revised Code Section 5705.41B provides in part that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2016 the General Fund had expenses in excess of appropriations in the amount of \$41,136.

The District should take due care in monitoring their budgets to ensure that expenses are not in excess of appropriations for any fund. Following the prescribed budgetary laws will help ensure that the District does not incur negative fund balances.

Client Response:

The fiscal officer was not aware of this compliance requirement.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

FINDING NUMBER 2017-004

Material Noncompliance

Ohio Revised Code 5705.39 Appropriations limited by estimated revenue. The total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.

The District should implement monitoring procedures to ensure compliance with 5705.39. Procedures for monitoring for compliance with this section ensure that monies are not expended in excess of allowable limits (unencumbered balances and estimated resources).

Client Response:

The fiscal officer was not aware of this compliance requirement.

FINDING NUMBER 2017-005

Material Weakness

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

We noted the following reconciling issues:

- Incorrect other adjusting factors were entered into the bank reconciliations in order to tie to the accounting system balances.

Untimely recording of transactions and inaccurate reconciliations reduce management's ability to monitor of District's assets and funds and increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend the District address the above conditions and ensure that monthly reconciliations are performed timely and all variances between the book and the bank are identified and resolved during the reconciliation process. We also recommend that the monthly reconciliations be included in the financial packet presented to the Board and that Board review and sign off on these reconciliations noting this review and approval. We further recommend that all transactions be posted to the accounting system timely.

Client Response:

The District did not provide a response to this finding.

**PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES/FIRE DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

FINDING NUMBER 2017-006

Material Noncompliance

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

During testing we noted that the District did not pass final appropriations by April 1st in 2016, and did not pass an appropriation resolution in 2017.

We recommend that board implement the necessary control to ensure that annual appropriations are adopted within the timeframe outlined in Ohio Rev. Code § 5705.38(A).

Client Response:

The fiscal officer was not aware of this compliance requirement.

Paint Creek Joint Emergency Medical Services/Fire District
Highland County
Schedule of Prior Audit Findings
December 31, 2017 and 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2015-001	Ohio Administrative Code Section 117-2-02A – Sound financial reporting	No	Reissued as 2017-001
2015-002	Ohio Revised Code Section 5705.41B – expenses in excess of appropriations	No	Reissued as 2017-004

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Dave Yost • Auditor of State

PAINT CREEK JOINT EMERGENCY MEDICAL SERVICES / FIRE DISTRICT

HIGHLAND 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 13, 2018**