

TEMS JOINT AMBULANCE DISTRICT

JEFFERSON COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2020 and 2019





88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the TEMS Ambulance District, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 30, 2020. 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 TEMS Ambulance District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2021

This page intentionally left blank.

TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2020 and 2019

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	4
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type - For the Year Ended December 31, 2020	5
Notes to the Financial Statements – For the Year Ended December 31, 2020	6
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2019	13
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type - For the Year Ended December 31, 2019	14
Notes to the Financial Statements – For the Year Ended December 31, 2019	15
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	22
Schedule of Findings	24
Prepared by Management:	
Schedule of Prior Audit Findings	27
Corrective Action Plan	28

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for the governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the TEMS Joint Ambulance District, Jefferson County, Ohio (the District).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2020 and 2019, 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 for the governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the District in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

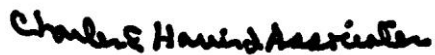
Emphasis of Matters

As discussed in Note 13 to the 2020 financial statements and Note 12 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinions regarding this matter.

As discussed in Note 14 to the 2020 financial statements, the District made several changes to its reporting model. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 15, 2021

TEMS Joint Ambulance District
Jefferson County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 373,528	\$ -	\$ 373,528
Charges for Services	417,989	-	417,989
Intergovernmental	37,374	-	37,374
Earnings on Investments	2,411	2	2,413
Miscellaneous	58,913	-	58,913
<i>Total Cash Receipts</i>	<u>890,215</u>	<u>2</u>	<u>890,217</u>
Cash Disbursements			
Current:			
Public Safety	771,730	-	771,730
Debt Service:			
Principal Retirement	-	71,346	71,346
Interest and Fiscal Charges	-	8,111	8,111
<i>Total Cash Disbursements</i>	<u>771,730</u>	<u>79,457</u>	<u>851,187</u>
<i>Excess Receipts Over (Under) Disbursements</i>	118,485	(79,455)	39,030
Other Financing Receipts (Disbursements)			
Transfers In	-	32,000	32,000
Transfers Out	(32,000)	-	(32,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(32,000)</u>	<u>32,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	86,485	(47,455)	39,030
<i>Fund Cash Balances, January 1</i>	<u>332,498</u>	<u>33,736</u>	<u>366,234</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 418,983</u>	<u>\$ (13,719)</u>	<u>\$ 405,264</u>

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

TEMS Joint Ambulance District
Jefferson County
Statement of Additions, Deductions and
Changes In Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
Additions	
Amounts Held for Employees	\$ 10,000
<i>Total Additions</i>	10,000
Deductions	
Distributions on Behalf of Employees	7,458
<i>Total Deductions</i>	7,458
<i>Net Change in Fund Balance</i>	2,542
<i>Fund Cash Balance, January 1</i>	388
<i>Fund Cash Balance, December 31</i>	\$ 2,930

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is presented below:

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

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

Ambulance Fund This fund receives money from the general fund from transfers for the purchase of a new ambulance.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The District’s custodial funds account for FHA amounts committed by Board resolution for the purpose of paying employee deductible cost.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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

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

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

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

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

Committed Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Project fund by \$29,457 for the year ended December 31, 2020 this caused the ambulance fund to have a deficit balance of \$13,719 at year end.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 810,000	\$ 890,215	\$ 80,215
Capital Projects	50,000	32,002	(17,998)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 816,483	\$ 813,397	\$ 3,086
Capital Projects	50,000	79,457	\$ (29,457)

Note 5 – Deposits and Investments

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

Demand deposits	2020 \$ 288,302
Certificates of deposit	119,892
Total deposits	\$ 408,194

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the District does not have any unremitted employee payroll withholdings.

Deposits

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the District. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 7 – Risk Management

Risk Pool Membership

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

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

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

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants’ gross salaries. The District has paid all contributions required through December 31, 2020.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member-Directed Plan was 4% during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
2018 Braun Ambulance Lease	\$ 112,136	4.29%
Total	\$ 112,136	

The District entered into a lease agreement to finance the purchase of a new Braun ambulance in 2018. The SUV loan was paid off in 2020 from the capital project fund. The ambulance lease will be repaid from the capital project fund.

Amortization

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

Year Ending December 31:	Ambulance Lease
2021	\$ 59,773
2022	59,774
Total	\$ 119,547

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 - Contingent Liabilities

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

Note 12 – Fund Balances

Encumbrances are commitments related to underperformed contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balance of this amount was as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$ 9,667
Total	<u>\$ 9,667</u>

The fund balance of the capital projects fund is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and additional recovery from the emergency funding, either federal or state, cannot be estimated.

Note 14 – Change in Accounting Principle

For 2020, the District has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate statement of additions, deductions, and changes in fund balance (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

TEMS Joint Ambulance District
Jefferson County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 407,132	\$ -	\$ 407,132
Charges for Services	388,539	-	388,539
Intergovernmental	31,905	-	31,905
Earnings on Investments	2,361	5	2,366
Miscellaneous	8,949	-	8,949
<i>Total Cash Receipts</i>	<u>838,886</u>	<u>5</u>	<u>838,891</u>
Cash Disbursements			
Current:			
Public Safety	736,514	-	736,514
Debt Service:			
Principal Retirement	-	67,997	67,997
Interest and Fiscal Charges	-	11,460	11,460
<i>Total Cash Disbursements</i>	<u>736,514</u>	<u>79,457</u>	<u>815,971</u>
<i>Excess Receipts Over (Under) Disbursements</i>	102,372	(79,452)	22,920
Other Financing Receipts (Disbursements)			
Transfers In	-	40,000	40,000
Transfers Out	(40,000)	-	(40,000)
Other Financing Sources	266	-	266
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(39,734)</u>	<u>40,000</u>	<u>266</u>
<i>Net Change in Fund Cash Balance</i>	62,638	(39,452)	23,186
<i>Fund Cash Balances, January 1, restated</i>	<u>269,860</u>	<u>73,188</u>	<u>343,048</u>
Fund Cash Balances, December 31			
Committed	-	33,736	33,736
Assigned	6,483	-	6,483
Unassigned	326,015	-	326,015
<i>Fund Cash Balances, December 31</i>	<u>\$ 332,498</u>	<u>\$ 33,736</u>	<u>\$ 366,234</u>

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

TEMS Joint Ambulance District
Jefferson County
Statement of Cash Receipts, Cash Disbursements and
Changes In Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019

	Fiduciary Fund Type
	Agency
Cash Receipts	
Miscellaneous	\$ 10,500
<i>Total Cash Receipts</i>	10,500
Cash Disbursements	
Current:	
Employee Fringe Benefits	10,688
<i>Total Cash Disbursements</i>	10,688
<i>Net Change in Fund Cash Balance</i>	(188)
<i>Fund Cash Balance, January 1</i>	576
<i>Fund Cash Balance, December 31</i>	\$ 388

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

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

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is presented below:

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

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

Ambulance Fund This fund receives money from the general fund from transfers for the purchase of a new ambulance on a rotating basis.

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

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

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

Committed Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Project fund by \$29,457 and the General Fund by \$44,997 for the year ended December 31, 2019.

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 860,000	\$ 839,152	\$ (20,848)
Capital Projects	50,000	40,005	(9,995)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 738,000	\$ 782,997	\$ (44,997)
Capital Projects	50,000	79,457	\$ (29,457)

Note 5 – Deposits and Investments

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

Demand deposits	2019 \$ 249,118
Certificates of deposit	117,504
Total deposits	\$ 366,622

Deposits

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the District. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 7 – Risk Management

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

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

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

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

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

2019	
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants’ gross salaries. The District has paid all contributions required through December 31, 2019.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member-Directed Plan was 4% during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2017 Police Interceptor (SUV) Lease	\$ 18,779	3.15%
2018 Braun Ambulance Lease	<u>164,703</u>	4.29%
Total	<u>\$ 183,482</u>	

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

TEMS Joint Ambulance District
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt (continued)

Amortization

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

Year Ending December 31:	SUV Lease	Ambulance Lease
2020	\$ 9,842	\$ 59,773
2021	9,842	59,773
2022	9,842	59,773
Total	\$ 29,527	\$ 179,319

Note 11 - Contingent Liabilities

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

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. In addition, the impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Prior Period Restatement

The following adjustment is reflected in the January 1, 2019 fund balances.

	General Fund
December 31, 2018 audited balances	\$ 267,703
Cancellation of outstanding checks	2,157
January 1, 2019 balances	\$ 269,860

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for the governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated July 15, 2021, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District and several changes to its reporting model.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control 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 2020-002 and 2020-003 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2020-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 15, 2021.

Entity's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements 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.



Charles E. Harris and Associates, Inc.
July 15, 2021

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

Finding Number 2020-001

Noncompliance - Disbursements Plus Encumbrances Exceeded Appropriations

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

At December 31, 2020, disbursements plus encumbrances exceeded appropriations in the Capital Projects Fund by \$29,457 and at December 31, 2019, disbursements plus encumbrances exceeded appropriations in the General and Capital Projects Fund by \$44,997 and \$29,457, respectively. This resulted in a negative fund balance in the Ambulance fund of \$13,719 as of December 31, 2020, contrary to Ohio Revised Code Section 5705.10(I).

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

Management Response:

See Corrective Action Plan

Finding Number 2020-002

Material Weakness – Posting of Authorized Budgetary Measures

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

The District did not have procedures in place to accurately post authorized budgetary measures to the accounting ledgers in 2020 and 2019. The following variances were identified:

2020:

Fund	Certificate of Estimated Resources	Resources Posted in the Ledgers	Variance
General	\$860,000	\$863,600	\$3,600
Capital Project	\$50,000	\$48,020	\$1,980

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS - Continued
DECEMBER 31, 2020 AND 2019**

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

Finding Number 2020-002 (continued)

Material Weakness - Posting of Authorized Budgetary Measures (continued)

Fund	Appropriations Approved by the Board	Appropriations Posted to Accounting System	Variance
General	\$816,483	\$860,000	\$43,517
Capital Project	\$50,000	\$80,000	\$30,000

2019:

Fund	Certificate of Estimated Resources	Resources Posted in the Ledgers	Variance
General	\$1,061,907	\$1,065,060	\$3,153
Capital Project	\$48,000	\$0	\$48,000

Fund	Appropriations Approved by the Board	Appropriations Posted to Accounting System	Variance
General	\$738,000	\$884,300	\$146,300
Capital Project	\$50,000	\$59,000	\$9,000

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

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

Management Response:

See Corrective Action Plan.

Finding Number 2020-003

Material Weakness - Posting of Receipts and Expenses

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

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS - Continued
DECEMBER 31, 2020 AND 2019**

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

Finding Number 2020-003 (continued)

Material Weakness - Posting of Receipts and Expenses (continued)

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

During 2020,

- Adjusted the financial statements to report miscellaneous receipts that were recorded as a special item and intergovernmental.
- Adjusted the financial statements to report property tax receipts that were recorded as intergovernmental.
- Adjusted the financial statements to properly miscellaneous receipts that were recorded as other financing sources.
- Adjusted the financial statements to report interest payments that were recorded as principal retirement.
- Various changes to the footnotes were required to conform to Auditor of State requirements.
- Adjusted transfers from the general fund to the fiduciary fund as expenses.

During 2019,

- The receipt of property taxes recorded as charges for services instead of property and other local tax receipts.
- Miscellaneous revenue was recorded as a Special Item.
- Adjusted the financial statements to report interest payments that were recorded as principal retirement.
- Outstanding encumbrances were recorded as unassigned fund balance instead of Assigned.
- Various changes to the footnotes were required to conform to Auditor of State requirements.
- Adjusted transfers from the general fund to the fiduciary fund as expenses and receipts.

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

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

Management Response:

See Corrective Action Plan.

**TEMS JOINT AMBULANCE DISTRICT
Jefferson County**

**Schedule of Prior Audit Findings
For the Years Ended December 31, 2020 and 2019
Prepared by Management**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Noncompliance: Ohio Revised Code Section 5705.41(B) -Disbursements plus encumbrances exceeded appropriations.	Not Corrected	See Corrective Action Plan
2018-002	Material Weakness: Posting of Authorized Budgetary Measures	Not Corrected	See Corrective Action Plan
2018-003	Material weakness: Posting of Receipts and Expenses	Not Corrected	See Corrective Action Plan
2018-004	Significant Deficiency: Cash Reconciliation	Corrected	None
2018-005	Significant deficiency – Required Accounting Records	Corrected	None

**TEMS JOINT AMBULANCE DISTRICT
JEFFERSON COUNTY**

**CORRECTIVE ACTION PLAN
For the Years Ended December 31, 2020 and 2019
Prepared by Management**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	Management will ensure Budgetary requirements are met going forward.	Immediately	Kathleen Meadows, Fiscal Officer
2020-002	Management will ensure Budgetary requirements are met going forward.	Immediately	Kathleen Meadows, Fiscal Officer
2020-003	Management plans to implement new procedures when completing the financial statements in the future.	Immediately	Kathleen Meadows, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



TEMS JOINT AMBULANCE DISTRICT

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/14/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov