



**Auditor of State  
Betty Montgomery**



**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Madison Emergency Medical District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the District, as of December 31, 2003, and December 31, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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**Betty Montgomery**  
**Auditor of State**

March 12, 2004

**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>Cash Receipts:</b>		
Local Taxes	\$765,471	\$697,876
Intergovernmental	97,390	74,339
Charges for Services	134,115	115,087
Earnings on Investments	3,903	5,390
Miscellaneous	536	11,216
Total Cash Receipts	1,001,415	903,908
<b>Cash Disbursements:</b>		
Current:		
Security of Persons and Property	672,699	626,135
General Government	253,607	225,659
Capital Outlay	2,407	9,491
Total Cash Disbursements	928,713	861,285
Total Receipts Over Disbursements	72,702	42,623
<b>Other Financing Receipts:</b>		
Other Sources	0	13,343
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	72,702	55,966
Cash Balances, January 1	390,071	334,105
<b>Cash Balances, December 31</b>	<b>\$462,773</b>	<b>\$390,071</b>

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

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**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Budgetary Process**

The Ohio Revised Code requires the District to budget annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

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

**F. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains cash and investments in a local depository. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2003	2002
Demand deposits	\$462,773	\$390,071

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
	\$937,500	\$1,001,415	\$63,915

  

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$1,061,600	\$928,713	\$132,887

**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts			
	Budgeted	Actual	Variance
	Receipts	Receipts	
	\$824,377	\$917,251	\$92,874

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	Variance
	Authority	Expenditures	
	\$1,100,000	\$861,285	\$238,715

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The District has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The District belongs to the Ohio Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

Pursuant to Section 2722.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverage's and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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

**7. SUBSEQUENT EVENT**

As of January 1, 2004, the District has contracted with MediCount Management for billing and collection of ambulance run charges.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Madison Emergency Medical District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated March 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 12, 2004.

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

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 12, 2004.

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Madison Emergency Medical District  
Madison County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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**Betty Montgomery**  
**Auditor of State**

March 12, 2004

**MADISON EMERGENCY MEDICAL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2001-60649-001	The District did not maintain adequate subsidiary records for its ambulance runs.	Yes	District maintains complete subsidiary record for ambulance runs.
2001-60649-002	The District did not establish a formal policy regarding its ambulance runs.	Yes	Board adopted a formal policy in regards to its ambulance runs.
2001-60649-003	The Board of Trustees did not properly monitor its financial activity.	Yes	Board periodically reviews detailed information regarding the District's financial activity.

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**MADISON EMERGENCY MEDICAL DISTRICT**

**MADISON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 25, 2004**