

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT**

GALLIA COUNTY

**REGULAR AUDIT**

FOR THE YEAR ENDED  
DECEMBER 31, 2005 AND 2004

**CAUDILL & ASSOCIATES, INC.**

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Southeast Ohio Emergency Medical Service District, Gallia County  
3240 State Route 160  
Gallipolis, OH 45631

We have reviewed the *Independent Auditors' Report* of the Southeast Ohio Emergency Medical Service District, Gallia County, prepared by Caudill & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. 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 Southeast Ohio Emergency Medical Service District, Gallia County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 2, 2006

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Southeast Ohio Emergency Medical Services District  
Gallia County, Ohio  
For the Years Ended December 31, 2005 and 2004  
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## Independent Auditors' Report

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

To the Board of Trustees:

We have audited the accompanying financial statements of the business-type activities of the Southeast Ohio Emergency Medical Services District, Gallia County, Ohio, (the District) as of and for the years ended December 31, 2005 and 2004 which comprises the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits 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 opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the business-type activities of the Southeast Ohio Emergency Medical Services District, Gallia County, Ohio as of December 31, 2005 and 2004, and the respective changes in cash basis financial position in conformity with the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis at pages 3-6 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

As discussed further in Note 1, for the years ended December 31, 2005 and 2004, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard (GASB) No.34, Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments and GASB Statement Number 40, *Deposit and Investment Risk Disclosures – Amendment of GASB statement No.3*. The District also implemented Governmental Accounting Standards Board Statement No.38 – *Certain Additional Note Disclosures*.



Caudill & Associates, CPAs, Inc.  
August 14, 2006

Southeast Ohio Emergency Medical Services District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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

### **Highlights**

Key highlights for 2005 and 2004 are as follows:

In total at December 31, 2005 and 2004, net cash assets were \$762,829 and \$1,123,541 respectively.

Net assets of business type activities decreased in 2005 to \$360,712, or 32 %, a significant change from the prior year. This decrease was mainly due to the refund of \$386,959 to Lawrence County in 2005.

Net assets of business type activities decreased in 2004 to \$100,377, or 8 % from the prior year. This decrease was mainly due to increases in insurance and salary expenses.

The District's primary operating receipts are contracts that are negotiated with each of the three participating counties and charges for services paid by the District's patients for medical transportation. In 2005 these receipts represented 50% and 44% respectively of the total cash received for the business type activities during the year. In 2004 these receipts represented 51% and 44% respectively for the total cash received for the business type activities during the year.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District's financial activities. *The Statement of Net Assets – Cash Basis* and the *Statement of Cash Receipts, Cash Disbursements, and Changes in Net Assets* provide information about the activities of the District.

#### **Report the District's Financial Activities**

These documents look at all financial transactions and ask the question, "How did we do financially during 2004 and 2005?" The Statement of Net Cash Assets – Cash Basis and the Statement of Cash Receipts, Cash Disbursements, and Changes in Net Cash Assets answers this question. These statements include *net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished.

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

Southeast Ohio Emergency Medical Services District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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The Statement of Net Cash Assets – Cash Basis can be found on page 6 of this report and the Statement of Cash Receipts, Cash Disbursements, and Changes in Net Cash Assets can be found on page 7 of this report.

The table below provides a summary of the District's cash net assets at December

Net Cash Assets			
(Table 1)			
<b>Net Assets</b>			
	<u>2005</u>	<u>2004</u>	Increase/ <u>(Decrease)</u>
<b>Assets</b>			
Cash and Cash Equivalents	<u>\$762,829</u>	<u>\$1,123,541</u>	<u>(\$360,712)</u>
<b>Net Assets</b>			
Unrestricted	<u>762,829</u>	<u>1,123,541</u>	<u>(360,712)</u>
Total Net Assets	<u>\$762,829</u>	<u>\$1,123,541</u>	<u>(\$360,712)</u>

Net cash assets can serve as a useful indicator of a government's financial position. At December 31, 2005 the District's net cash assets totaled \$762,829, a decrease of \$360,712 over calendar year 2004.

At December 31, 2004 the District's net cash assets totaled \$1,123,541, a decrease of \$100,377 over calendar year 2003.

Southeast Ohio Emergency Medical Services District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

The table below shows the changes in net cash assets for calendar years 2005 and 2004.

<b>Change in Net Assets</b>				
	2005	2004	Increase (Decrease)	Percentage Change
<b>Operating Cash Receipts</b>				
Charges for Services - Patient	\$ 3,305,063	\$ 3,104,663	\$200,400	6%
Charges for Services - County	3,793,464	3,676,411	117,053	3%
Tower Rental	52,565	28,918	23,647	82%
Training	97,625	41,837	55,788	133%
Miscellaneous	215,653	248,754	(33,101)	-13%
<b>Total operating cash receipts</b>	<b>7,464,370</b>	<b>7,100,583</b>	<b>363,787</b>	<b>5%</b>
<b>Operating Cash Disbursements:</b>				
Salaries and Wages	5,846,144	5,355,667	490,477	9%
Utilities	158,014	155,518	2,496	2%
Insurance (other than health)	58,951	116,044	(57,093)	-49%
Capital Outlay	47,693	-	47,693	100%
Other Operating Cash Disbursements	1,808,684	1,579,927	228,757	14%
<b>Total operating cash disbursements</b>	<b>7,919,486</b>	<b>7,207,156</b>	<b>712,330</b>	<b>10%</b>
<b>Non-operating Cash Receipts (Disbursements):</b>				
Intergovernmental Receipts	75,301	-	75,301	100%
Interest	31,747	27,250	4,497	17%
Note Principal	(12,372)	(19,636)	7,264	37%
Note Interest	(272)	(1,418)	1,146	81%
<b>Total non-operating cash receipts</b>	<b>94,404</b>	<b>6,196</b>	<b>88,208</b>	<b>1,424%</b>
<b>Change in net cash assets</b>	<b>\$ (360,712)</b>	<b>\$ (100,377)</b>	<b>\$ (260,335)</b>	<b>-259%</b>

The increase in operating cash receipts increase primarily due to two reasons. First, contracts for servicing the three primary counties of Athens, Jackson and Lawrence increase slightly. Second, total number of patient runs increased slightly.

Operating cash disbursements increased mainly due to raises in salaries for all District personnel and increase in insurance premiums for health, workers compensation and liability insurance.

### **Current Financial Related Activities**

The District is a medical transportation entity created to offer medical transportation for individuals needing medical and/or critical care attention. The District relies heavily on patient cash receipts and monies received from the contracts of the three primary participating counties. The District is constantly assessing the services they provide and acting to provide these services in the most cost effective manner possible.

Southeast Ohio Emergency Medical Services District  
Management's Discussion and Analysis  
For the Years Ended December 31, 2005 and 2004  
Unaudited

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**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ms. Lee Fetterly, Fiscal Officer, Southeast Ohio Emergency Medical Services District, P.O. Box 527, Kerr, Ohio 45643.

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
 GALLIA COUNTY  
 STATEMENT OF NET ASSETS - CASH BASIS  
 DECEMBER 31, 2005 AND 2004

	2005	2004	
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash & Cash Equivalents	\$ 762,829	\$ 1,123,541	
Total Assets	762,829	1,123,541	
Total Assets	\$ 762,829	\$ 1,123,541	
 <b>Net Cash Assets:</b>			
Unrestricted	\$ 762,829	\$ 1,123,541	
Total Net Assets	\$ 762,829	\$ 1,123,541	

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

SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN NET CASH ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
<b>Operating Cash Receipts:</b>		
Charges for Services - Patient	\$ 3,305,063	\$ 3,104,663
Charges for Services - County	3,793,464	3,676,411
Tower Rental	52,565	28,918
Training	97,625	41,837
Miscellaneous	215,653	248,754
	7,464,370	7,100,583
<b>Operating Cash Disbursements:</b>		
Salaries & Wages	5,846,144	5,355,667
Utilities	158,014	155,518
Insurance (other than health)	58,951	116,044
Capital Outlay	47,693	-
Other Operating Cash Disbursements	1,808,684	1,579,927
	7,919,486	7,207,156
	(455,116)	(106,573)
<b>Non-operating Cash Receipts (Disbursements):</b>		
Intergovernmental Receipts	75,301	-
Interest	31,747	27,250
Note Principal	(12,372)	(19,636)
Note Interest	(272)	(1,418)
	94,404	6,196
Change in Net Cash Assets	(360,712)	(100,377)
Net Cash Assets, January 1	1,123,541	1,223,918
Net Cash Assets, December 31	\$ 762,829	\$ 1,123,541

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

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT**  
**GALLIA COUNTY, OHIO**  
**NOTES TO THE CASH-BASIS FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Southeast Ohio Emergency Medical Services District, (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 was created under Section 307.05, Revised Code, with the following Counties: Athens, Jackson, Lawrence and Vinton. During 1997, Vinton County withdrew its membership. The District was organized on January 1, 1996, and operates under a nine member Board, which consists of three representatives from each county in the District. Emergency medical services are provided to each county under a contract agreement. Each county is billed on a monthly basis for the services provided to their county.

The significant accounting policies followed in the preparation of these financial statements is summarized below. 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.

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

**C. Basis of Presentation**

For calendar years 2005 and 2004 the District has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures and GASB Statement Number 40, *Deposit and Investment Risk Disclosures – An amendment of GASB statement No.3*. However, there are no adjustments to beginning fund balances since the basis of accounting has not changed. The District's basic financial statements consist of government-wide statements, including a statement of net cash assets and statement of cash receipts, cash disbursements, and changes in net cash assets that provide a more detailed level of financial information.

**D. 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.

**E. Accumulated Leave**

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

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT**  
**GALLIA COUNTY, OHIO**  
**NOTES TO THE CASH-BASIS FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 2—DEPOSITS AND INVESTMENTS**

The District maintains a cash and investment pool that is available for use by all funds. The Ohio Revised Code prescribes allowable deposits and investments. Each fund's portion of this pool is displayed on the statement of net assets as "Equity in pooled cash and investments

Deposits

Demand deposits are exposed to custodial risk or were covered by the Federal Deposit Insurance Corporation. Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005, the reported amount of the District's deposits was \$762,829 and the bank balance was \$798,225. Of the bank balance, \$300,000 was covered by federal depository insurance or by collateral held by the District's agent in the District's name, \$462,829 was covered by collateral held in the pledging bank's trust department, but not in the District's name. At December 31, 2004, the reported amount of the District's deposits was \$1,123,541 and the bank balance was \$1,221,058. Of the bank balance, \$300,000 was covered by federal depository insurance or by collateral held by the District's agent in the District's name, \$823,541 was covered by collateral held in the pledging bank's trust department, but not in the District's name.

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

**NOTE 3—RETIREMENT SYSTEMS**

All employees of the District participate in the Public Employees Retirement System of Ohio (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 2004 and 2005, members of OPERS contributed 8.5% of gross wages. The District contributed an amount equal to 13.55% of participants' gross wages. The district was paid all contributions required through December 31, 2005.

**NOTE 4—RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2005 and 2004 the District contracted for the following insurance coverage:

General Liability, Public Officials' Wrongful Act Liability, Fleet Liability, Property, Electronic Equipment and Computers, Island Marine, Blanket Bond, Crime.

**SOUTHEAST OHIO EMERGENCY MEDICAL SERVICES DISTRICT  
GALLIA COUNTY, OHIO  
NOTES TO THE CASH-BASIS FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 5—LITIGATION**

The District is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, it is the opinion of the District's management that resolution of this matter may or may not have a financial effect on the District.

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**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***

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

We have audited the accompanying financial statements of the Southeast Ohio Emergency Medical Services District, Gallia County, Ohio (the "District") as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 14, 2006 wherein we noted the District revised its presentation to that comparable to the requirements of Governmental Accounting Standard No. 34. The District also implemented Governmental Accounting Standards Board Statements No. 38 and 40. 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.

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 opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts 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.

Compliance and Other Matters

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 grant agreements, 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*

We noted a certain other matter that we have reported to management of the District in a separate letter dated August 14, 2006.

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

  
Caudill & Associates, CPAs, Inc.  
August 14, 2006



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**SOUTHEAST OHIO EMERGENCY MEDICAL DISTRICT**

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 12, 2006**