

Madison Emergency Medical District  
Madison County  
Regular Audit  
For the Years Ended December 31, 2017 and 2016



Millhuff-Stang, CPA, Inc.  
1428 Gallia Street, Portsmouth, Ohio 45662 / Phone: 740.876.8548  
45 West Second Street, Suite D, Chillicothe, Ohio 45601 / Phone: 740.851.4978  
Fax: 888.876.8549  
[natalie@millhuffstangcpa.com](mailto:natalie@millhuffstangcpa.com) / [roush@millhuffstangcpa.com](mailto:roush@millhuffstangcpa.com)  
[www.millhuffstangcpa.com](http://www.millhuffstangcpa.com)





# Dave Yost • Auditor of State

Board of Trustees  
Madison Emergency Medical District  
40 East Center Street  
London, Ohio 43140

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

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

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

Dave Yost  
Auditor of State

October 2, 2018

**This page intentionally left blank.**

**Madison Emergency Medical District**  
**Madison County**  
*Table of Contents*  
For the Years Ended December 31, 2017 and 2016

---

Title	Page
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis For the Year Ended – December 31, 2017.....	3
Basic Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2017.....	9
Statement of Activities – For the Year Ended December 31, 2017.....	10
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2017.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2017.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2017 .....	13
Notes to the Basic Financial Statements – For the Year Ended December 31, 2017 .....	14
Management’s Discussion and Analysis For the Year Ended – December 31, 2016.....	26
Basic Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2016.....	32
Statement of Activities – Cash Basis – For the Year Ended December 31, 2016 .....	33
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2016.....	34
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2016.....	35
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2016 .....	36
Notes to the Basic Financial Statements - For the Year Ended December 31, 2016.....	37
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	48
Schedule of Prior Audit Findings.....	50

**This page intentionally left blank.**

**Independent Auditor's Report**

Board of Trustees  
Madison Emergency Medical District  
40 East Center Street  
London, Ohio 43140

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the Madison Emergency Medical District, Madison County, Ohio (the District), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatements, 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 misstatements.

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.

Madison Emergency Medical District  
Madison County  
Independent Auditor's Report

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Madison Emergency Medical District, Madison County, Ohio, as of December 31, 2017 and 2016, the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on the effectiveness of the District's 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.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

July 26, 2018

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*(Unaudited)*

---

This discussion and analysis of the Madison Emergency Medical District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key highlights for 2017 are as follows:

Net position increased slightly, or \$1,794 when compared to 2016. Charges for services and property taxes increased in 2017. However, intergovernmental receipts decreased.

The District's primary funding source is property and other local tax receipts. These receipts represented approximately 53.48 percent of the total cash received for governmental activities during the year. Charges for services, or run receipts, constituted approximately 39.14 percent of total receipts.

**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.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*(Unaudited)*

---

**Reporting the District as a Whole**

The statement of net position and the statement of activities reflect how the District did financially during 2017, within the limitations of cash basis of accounting. The statement of net position presents the cash balances of the governmental activities of the District at December 31, 2017. The statement of activities compares cash disbursements with program receipts. Program receipts include charges for emergency medical services provided by District and operating and capital grants and contributions. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental activity draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating.

The statement of net position and the statement of activities present governmental activities, which includes all the District's services. Property and other local tax receipts finance most of these activities. The District has no business-type activities.

**Reporting the District's Funds**

Fund financial statements provide detailed information about the District's major funds - not the District as a whole. The District establishes separate funds to better manage its activities and to help demonstrate that moneys held by the District for restricted purposes are being used for the intended purpose. All of the District's funds are governmental.

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District's major governmental funds in 2017 were the General Fund and the Permanent Improvement Fund. The District established a separate fund in 2004 for the accumulation of funds for future capital improvements. Because the District reports on a cash basis, the total of the governmental funds matches governmental activities and no reconciliation is required.

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*(Unaudited)*

---

**The District as a Whole**

Table 1 provides a summary of the District's net position for 2017 and 2016 on the cash basis:

(Table 1)  
Net Position

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$2,458,679	\$2,456,885
Total Assets	<u>\$2,458,679</u>	<u>\$2,456,885</u>
Net Position		
Unrestricted	<u>2,458,679</u>	<u>2,456,885</u>
Total Net Position	<u>\$2,458,679</u>	<u>\$2,456,885</u>

Net position of governmental activities have increased \$1,794 during 2017. The primary reasons for this change are the increase in EMS run billing charges and the timing of the purchase of new vehicles and equipment. The District's plan is to replace one vehicle and related equipment every third year. The two years in-between when a new vehicle is not purchased will be used to accumulate funds to prevent the need to borrow monies to pay for the new vehicles and equipment. The District purchased one new vehicle in 2016 and does not plan to purchase another until 2019.

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*(Unaudited)*

Table 2 reflects the changes in net position in 2017 and 2016.

(Table 2)  
Change in Net Position

	Governmental Activities	
	2017	2016
Receipts		
Program Receipts:		
Charges for Services and Sales	\$750,487	\$675,554
Total Program Receipts	750,487	675,554
General Receipts:		
Property and Other Local Taxes	1,025,516	1,002,993
Grants and Entitlements Not Restricted to Specific Programs	124,596	128,167
Interest	13,468	3,101
Miscellaneous	3,441	2,755
Total General Receipts	1,167,021	1,137,016
Total Receipts	1,917,508	1,812,570
Disbursements		
General Government	390,912	333,178
Public Safety	1,435,769	1,215,698
Capital Outlay	89,033	318,119
Total Disbursements	1,915,714	1,866,995
Increase (Decrease) in Net Position	1,794	(54,425)
Net Position, January 1	2,456,885	2,511,310
Net Position, December 31	\$2,458,679	\$2,456,885

Property taxes levied for general purposes represent 53.48 percent and 55.34 percent of total receipts in 2017 and 2016, respectively, and are the primary revenue source of the District.

Disbursements for public safety operations represent 74.95 percent of the total disbursements in 2017 and 65.12 percent of the total disbursements in 2016. These expenditures tie directly to the provision of emergency medical services. General government disbursements are comprised primarily of insurance and pension expense as well as the Clerk's salary and benefits.

**Madison Emergency Medical District  
Madison County**  
*Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)*

---

**Governmental Activities**

If you look at the statement of activities for 2017 you will see that the first column lists the major disbursements of the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, which accounted for 20.41 percent of all disbursements in 2017 and 17.84 percent of all disbursements in 2016. Public safety disbursements accounted for 74.95 percent of the total disbursements in 2017 and 65.12 percent of the total disbursements in 2016. The next columns of the statement entitled program cash receipts identifies amounts received by the District that directly relate to providing the activities of the District. The net receipt (disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by general receipts. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
General Government	\$390,912	\$390,912	\$333,178	\$333,178
Public Safety	1,435,769	685,282	1,215,698	540,144
Capital Outlay	89,033	89,033	318,119	318,119
Total Disbursements	<u>\$1,915,714</u>	<u>\$1,165,227</u>	<u>\$1,866,995</u>	<u>\$1,191,441</u>

**The District's Funds**

The General Fund had receipts of \$1,917,508 and \$1,812,570 in 2017 and 2016, respectively. Total governmental funds had disbursements of \$1,915,174 and \$1,866,995 in 2017 and 2016, respectively.

General Fund receipts increased by \$104,938 in 2017 and decreased \$59,890 in 2016. The 2017 increase was primarily due to an increase in the collection of charges for services and the 2016 increase was due primarily to increases in charges for services.

Permanent Improvement Fund was increased in 2017 by \$200,000 in the annual transfer from the General Fund. The District did spend \$36,256 from this Fund in 2017 for the purchase of a new chase vehicle.

**General Fund Budgeting Highlights**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations measure, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriation measure is the District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2017*  
*(Unaudited)*

---

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**Capital Assets and Debt Administration**

Capital Assets

The District does not currently keep track of its capital assets for inclusion in the cash basis financial statements.

Debt

At December 31, 2017, the District had no debt outstanding.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens and the District management with a general overview of the District'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 Rebecca L. Shipley-Arnott, Clerk, Madison Emergency Medical District, 40 East Center Street, London, Ohio 43140.

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2017*

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,458,679</u>
<i>Total Assets</i>	<u><u>\$2,458,679</u></u>
<b>Net Position</b>	
Unrestricted	<u>\$2,458,679</u>
<i>Total Net Position</i>	<u><u>\$2,458,679</u></u>

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

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2017*

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position
<b>Governmental Activities</b>			
General Government	\$390,912	\$0	(\$390,912)
Public Safety	1,435,769	750,487	(685,282)
Capital Outlay	89,033	0	(89,033)
	<u>\$1,915,714</u>	<u>\$750,487</u>	<u>(1,165,227)</u>
 <b>General Receipts</b>			
Property Taxes Levied for:			
General Purposes			1,025,516
Grants and Entitlements not Restricted to Specific Programs			124,596
Interest			13,468
Miscellaneous			3,441
			<u>1,167,021</u>
<i>Total General Receipts</i>			<u>1,167,021</u>
<i>Change in Net Position</i>			1,794
<i>Net Position Beginning of Year</i>			<u>2,456,885</u>
<i>Net Position End of Year</i>			<u>\$2,458,679</u>

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

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2017*

	General Fund	Permanent Improvement Fund	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,570,413	\$888,266	\$2,458,679
<i>Total Assets</i>	<u>\$1,570,413</u>	<u>\$888,266</u>	<u>\$2,458,679</u>
<b>Fund Balances</b>			
Assigned for:			
2018 Appropriations in Excess of Estimated Receipts	\$136,000	\$0	\$136,000
Committed for:			
Capital Projects	0	888,266	888,266
Unassigned	<u>1,434,413</u>	<u>0</u>	<u>1,434,413</u>
<i>Total Fund Balances</i>	<u>\$1,570,413</u>	<u>\$888,266</u>	<u>\$2,458,679</u>

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

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2017*

	General Fund	Permanent Improvement Fund	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$1,025,516	\$0	\$1,025,516
Intergovernmental	124,596	0	124,596
Interest	13,468	0	13,468
Charges for Services	750,487	0	750,487
Miscellaneous	3,441	0	3,441
<i>Total Receipts</i>	1,917,508	0	1,917,508
<b>Disbursements</b>			
Current:			
General Government	390,912	0	390,912
Public Safety	1,435,769	0	1,435,769
Capital Outlay	52,777	36,256	89,033
<i>Total Disbursements</i>	1,879,458	36,256	1,915,714
<i>Excess of Receipts Over (Under) Disbursements</i>	38,050	(36,256)	1,794
Other Financing Receipts (Disbursements):			
Transfers In	0	200,000	200,000
Transfers Out	(200,000)	0	(200,000)
Total Other Financing Receipts (Disbursements)	(200,000)	200,000	0
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(161,950)	163,744	1,794
<i>Fund Balances Beginning of Year</i>	1,732,363	724,522	2,456,885
<i>Fund Balances End of Year</i>	\$1,570,413	\$888,266	\$2,458,679

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

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$1,005,500	\$1,030,725	\$1,025,516	(\$5,209)
Intergovernmental	130,000	130,000	124,596	(5,404)
Charges for Services	630,000	630,000	750,487	120,487
Interest	3,300	3,300	13,468	10,168
Miscellaneous	3,200	3,200	3,441	241
<i>Total Receipts</i>	<u>1,772,000</u>	<u>1,797,225</u>	<u>1,917,508</u>	<u>120,283</u>
<b>Disbursements</b>				
Current:				
General Government	397,500	392,700	390,912	1,788
Public Safety	1,477,500	1,482,300	1,435,769	46,531
Capital Outlay	60,000	60,000	52,777	7,223
<i>Total Disbursements</i>	<u>1,935,000</u>	<u>1,935,000</u>	<u>1,879,458</u>	<u>55,542</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(163,000)	(137,775)	38,050	175,825
<b>Other Financing Disbursements</b>				
Transfers Out	(200,000)	(200,000)	(200,000)	0
<i>Total Other Financing Disbursements</i>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>
<i>Excess of Cash Receipts Under Cash Disbursements and Other Financing Disbursements</i>	(363,000)	(337,775)	(161,950)	175,825
<i>Fund Balances Beginning of Year</i>	<u>1,732,363</u>	<u>1,732,363</u>	<u>1,732,363</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,369,363</u></u>	<u><u>\$1,394,588</u></u>	<u><u>\$1,570,413</u></u>	<u><u>\$175,825</u></u>

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

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 1 – Reporting Entity**

The Madison Emergency Medical District, Madison County, Ohio (the District), is a body politic and corporate established in 1983 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, Deer Creek Township, Monroe Township, Oak Run Township, Paint Township, Somerford Township, and Union Township. The District also has a Clerk appointed by the Board who serves at the pleasure of the Board.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides emergency medical services within the District.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. There were no component units of the District for the years ended December 31, 2017.

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**

As discussed further in Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

**Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance and net position of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The District uses fund accounting 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. Funds are used to segregate resources that are restricted as to use.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

General Fund

The General Fund is used to account for all financial resources, except those required to be accounted for 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.

Permanent Improvement Fund

The Permanent Improvement Fund is used to account for receipts restricted to acquiring or constructing major capital projects.

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations resolution is the District’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**Cash and Investments**

To improve cash management, cash received by the District is pooled and invested. Individual fund integrity is maintained through District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2017, the District invested in a money market account and certificates of deposit through the local depository.

Interest earnings are allocated to District funds according to State statutes. Interest receipts credited to the General Fund during 2017 totaled \$13,468.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had no restricted assets at December 31, 2017.

Interfund Activity

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

**Fund Balances**

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as 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 – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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.

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 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 4 – Deposits and Investments**

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 4 - Deposits and Investments** (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the District or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

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, 2017 the carrying amount of the District's deposits was \$2,458,679, and the bank balance was \$2,459,844. Of the bank balance, \$500,000 was covered by federal depository insurance and \$1,959,844 was collateralized by the depository's collateral pool as described below.

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 the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2017 represent the collection of 2016 taxes. Real property taxes received in 2017 were levied after October 1, 2016, on the assessed values as of January 1, 2016, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2017 represent the collection of 2016 taxes. Public utility real and tangible personal property taxes received in 2017 became a lien on December 31, 2016, were levied after October 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The full tax rate for all District operations for the years ended December 31, 2017, was \$3 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2017 property tax receipts were based are as follows:

	2017
Real Property	
Residential/Agriculture	\$419,642,960
Other Real Property	64,306,950
Tangible Personal Property	22,760,720
Total Assessed Value	<u>\$506,710,630</u>

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 6 – Risk Management**

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

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

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

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

**Note 7 – Defined Benefit Pension Plan** (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
<i>Age and Service Requirements</i> Age 60 with 60 months of service credit or age 55 with 25 years of service credit	<i>Age and Service Requirements</i> Age 60 with 60 months of service credit or age 55 with 25 years of service credit	<i>Age and Service Requirements</i> Age 57 with 25 years of service credit or age 62 with 5 years of service credit
<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 7 – Defined Benefit Pension Plan** (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
<b>2017 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2017 Actual Contribution Rates</b>	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contributions to OPERS for the year ended December 31, 2017 were \$141,405.

**Note 8 - Postemployment Benefits**

A. Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans, including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. The trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 8 - Postemployment Benefits** (continued)

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2016 CAFR (most recent information available) for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

**B. Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, the District contributed at a rate of 14 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0 percent.

- C. The employer contributions that were used to fund post-employment benefits are approximately \$24,885 for 2017, \$20,178 for 2016, \$17,705 for 2015.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

---

**Note 10 – Interfund Transfers**

During 2017, the General Fund transferred \$200,000 to the Permanent Improvement Fund to provide additional resources. Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers are made for the purpose of purchasing new emergency medical vehicles for the District every third year.

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

---

This discussion and analysis of the Madison Emergency Medical District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2016, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key highlights for 2016 are as follows:

Net position decreased by 2.17 percent, or \$54,425 when compared to 2015. Both intergovernmental receipts and charges for services increased in 2016. However, property taxes decreased.

The District's primary funding source is property and other local tax receipts. These receipts represented approximately 55.34 percent of the total cash received for governmental activities during the year. Charges for services, or run receipts, constituted approximately 37.27 percent of total receipts.

**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.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

---

**Reporting the District as a Whole**

The statement of net position and the statement of activities reflect how the District did financially during 2016, within the limitations of cash basis of accounting. The statement of net position presents the cash balances of the governmental activities of the District at December 31, 2016. The statement of activities compares cash disbursements with program receipts. Program receipts include charges for emergency medical services provided by District and operating and capital grants and contributions. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental activity draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating.

The statement of net position and the statement of activities present governmental activities, which includes all the District's services. Property and other local tax receipts finance most of these activities. The District has no business-type activities.

**Reporting the District's Funds**

Fund financial statements provide detailed information about the District's major funds - not the District as a whole. The District establishes separate funds to better manage its activities and to help demonstrate that moneys held by the District for restricted purposes are being used for the intended purpose. All of the District's funds are governmental.

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District's major governmental funds in 2016 were the General Fund and the Permanent Improvement Fund. The District established a separate fund in 2004 for the accumulation of funds for future capital improvements. Because the District reports on a cash basis, the total of the governmental funds matches governmental activities and no reconciliation is required.

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

---

**The District as a Whole**

Table 1 provides a summary of the District's net position for 2016 and 2015 on the cash basis:

(Table 1)  
Net Position

	Governmental Activities	
	2016	2015
Assets		
Cash	\$2,456,885	\$2,511,310
Total Assets	\$2,456,885	\$2,511,310
Net Position		
Unrestricted	\$2,456,885	\$2,511,310
Total Net Position	\$2,456,885	\$2,511,310

Net position of governmental activities decreased \$54,425 during 2016. The primary reasons for this change are the increase in EMS run billing charges and the timing of the purchase of new vehicles and equipment. The District's plan is to replace one vehicle and related equipment every third year. The two years in-between when a new vehicle is not purchased will be used to accumulate funds to prevent the need to borrow monies to pay for the new vehicles and equipment. The District purchased one new vehicle in 2016 and does not plan to purchase another until 2019.

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
(Unaudited)

Table 2 reflects the changes in net position in 2016 and 2015.

(Table 2)  
Change in Net Position

	Governmental Activities	
	2016	2015
Receipts		
Program Receipts:		
Charges for Services and Sales	\$675,554	\$614,826
Operating Grants and Contributions	0	0
Capital Grants and Contributions	0	0
Total Program Receipts	<u>675,554</u>	<u>614,826</u>
General Receipts:		
Property and Other Local Taxes	1,002,993	1,007,770
Grants and Entitlements Not Restricted to Specific Programs	128,167	124,173
Interest	3,101	3,271
Miscellaneous	2,755	2,640
Total General Receipts	<u>1,137,016</u>	<u>1,137,854</u>
Total Receipts	<u>1,812,570</u>	<u>1,752,680</u>
Disbursements		
General Government	333,178	298,246
Public Safety	1,215,698	1,100,105
Capital Outlay	318,119	21,960
Total Disbursements	<u>1,866,995</u>	<u>1,420,311</u>
Increase (Decrease) in Net Position	(54,425)	332,369
Net Position, January 1	<u>2,511,310</u>	<u>2,178,941</u>
Net Position, December 31	<u>\$2,456,885</u>	<u>\$2,511,310</u>

Property taxes levied for general purposes represent 55.34 percent and 57.50 percent of total receipts in 2016 and 2015, respectively, and are the primary revenue source of the District.

Disbursements for public safety operations represent 65.12 percent of the total disbursements in 2016 and 77.46 percent of the total disbursements in 2015. These expenditures tie directly to the provision of emergency medical services. General government disbursements are comprised primarily of insurance and pension expense as well as the Clerk's salary and benefits.

**Madison Emergency Medical District  
Madison County**  
*Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)*

---

**Governmental Activities**

If you look at the statement of activities for 2016 you will see that the first column lists the major disbursements of the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, which accounted for 17.84 percent of all disbursements in 2016 and 21.00 percent of all disbursements in 2015. Public safety disbursements accounted for 65.12 percent of the total disbursements in 2016 and 77.46 percent of the total disbursements in 2015. The next columns of the statement entitled program cash receipts identifies amounts received by the District that directly relate to providing the activities of the District. The net receipt (disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by general receipts. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
Governmental Activities

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
General Government	\$333,178	\$333,178	\$298,246	\$298,246
Public Safety	1,215,698	540,144	1,100,105	485,279
Capital Outlay	318,119	318,119	21,960	21,960
<b>Total Disbursements</b>	<b>\$1,866,995</b>	<b>\$1,191,441</b>	<b>\$1,420,311</b>	<b>\$805,485</b>

**The District's Funds**

The General Fund had receipts of \$1,812,570 and \$1,752,680 in 2016 and 2015, respectively. Total governmental funds had disbursements of \$1,866,995 and \$1,420,311 in 2016 and 2015, respectively.

General Fund receipts increased by \$59,890 in 2016. The 2016 increase was primarily due to an increase in the collection of charges for services.

Permanent Improvement Fund was increased in 2016 by \$200,000 in the annual transfer from the General Fund. The District did spend \$238,345 from this Fund in 2016 for the purchase of a new medic.

**General Fund Budgeting Highlights**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations measure, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriation measure is the District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

**Madison Emergency Medical District**  
**Madison County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

---

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**Capital Assets and Debt Administration**

Capital Assets

The District does not currently keep track of its capital assets for inclusion in the cash basis financial statements.

Debt

At December 31, 2016, the District had no debt outstanding.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens and the District management with a general overview of the District'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 Rebecca L. Shipley-Arnott, Clerk, Madison Emergency Medical District, 40 East Center Street, London, Ohio 43140.

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2016*

---

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,456,885</u>
<i>Total Assets</i>	<u><u>\$2,456,885</u></u>
<b>Net Position</b>	
Unrestricted	<u>\$2,456,885</u>
<i>Total Net Position</i>	<u><u>\$2,456,885</u></u>

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

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2016*

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position
<b>Governmental Activities</b>			
General Government	\$333,178	\$0	(\$333,178)
Public Safety	1,215,698	675,554	(540,144)
Capital Outlay	318,119	0	(318,119)
	<u>\$1,866,995</u>	<u>\$675,554</u>	<u>(\$1,191,441)</u>
 <b>General Receipts</b>			
Property Taxes Levied for:			
General Purposes			1,002,993
Grants and Entitlements not Restricted to Specific Programs			128,167
Interest			3,101
Miscellaneous			2,755
			<u>1,137,016</u>
<i>Total General Receipts</i>			<u>1,137,016</u>
<i>Change in Net Position</i>			(54,425)
<i>Net Position Beginning of Year</i>			<u>2,511,310</u>
<i>Net Position End of Year</i>			<u>\$2,456,885</u>

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

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2016*

	General Fund	Permanent Improvement Fund	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,732,363	\$724,522	\$2,456,885
<i>Total Assets</i>	<u>\$1,732,363</u>	<u>\$724,522</u>	<u>\$2,456,885</u>
<b>Fund Balances</b>			
Assigned for:			
2017 Appropriations in Excess of Estimated Receipts	\$363,000	\$0	\$363,000
Committed for:			
Capital Projects	0	724,522	724,522
Unassigned	<u>1,369,363</u>	<u>0</u>	<u>1,369,363</u>
<i>Total Fund Balances</i>	<u>\$1,732,363</u>	<u>\$724,522</u>	<u>\$2,456,885</u>

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

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General Fund	Permanent Improvement Fund	Totals Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$1,002,993	\$0	\$1,002,993
Intergovernmental	128,167	0	128,167
Interest	3,101	0	3,101
Charges for Services	675,554	0	675,554
Miscellaneous	2,755	0	2,755
<i>Total Receipts</i>	1,812,570	0	1,812,570
<b>Disbursements</b>			
Current:			
General Government	333,178	0	333,178
Public Safety	1,215,698	0	1,215,698
Capital Outlay	79,774	238,345	318,119
<i>Total Disbursements</i>	1,628,650	238,345	1,866,995
<i>Excess of Receipts Over (Under) Disbursements</i>	183,920	(238,345)	(54,425)
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	200,000	200,000
Transfers Out	(200,000)	0	(200,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(200,000)	200,000	0
<i>Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements</i>	(16,080)	(38,345)	(54,425)
<i>Fund Balances Beginning of Year</i>	1,748,443	762,867	2,511,310
<i>Fund Balances End of Year</i>	\$1,732,363	\$724,522	\$2,456,885

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

**Madison Emergency Medical District**  
**Madison County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$1,000,000	\$1,000,000	\$1,002,993	\$2,993
Intergovernmental	130,000	130,000	128,167	(1,833)
Charges for Services	650,000	650,000	675,554	25,554
Interest	3,500	3,500	3,101	(399)
Miscellaneous	2,800	2,800	2,755	(45)
<i>Total Receipts</i>	<u>1,786,300</u>	<u>1,786,300</u>	<u>1,812,570</u>	<u>26,270</u>
<b>Disbursements</b>				
Current:				
General Government	346,888	346,888	333,178	13,710
Public Safety	1,262,000	1,262,000	1,215,698	46,302
Capital Outlay	30,000	90,000	79,774	10,226
<i>Total Disbursements</i>	<u>1,638,888</u>	<u>1,698,888</u>	<u>1,628,650</u>	<u>70,238</u>
<i>Excess of Receipts Over Disbursements</i>	147,412	87,412	183,920	96,508
<b>Other Financing Disbursements</b>				
Transfers Out	(200,000)	(200,000)	(200,000)	0
<i>Total Other Financing Disbursements</i>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>
<i>Excess of Cash Receipts Under Cash Disbursements and Other Financing Disbursements</i>	(52,588)	(112,588)	(16,080)	96,508
<i>Fund Balances Beginning of Year</i>	<u>1,748,443</u>	<u>1,748,443</u>	<u>1,748,443</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,695,855</u></u>	<u><u>\$1,635,855</u></u>	<u><u>\$1,732,363</u></u>	<u><u>\$96,508</u></u>

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

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 1 – Reporting Entity**

The Madison Emergency Medical District, Madison County, Ohio (the District), is a body politic and corporate established in 1983 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, Deer Creek Township, Monroe Township, Oak Run Township, Paint Township, Somerford Township, and Union Township. The District also has a Clerk appointed by the Board who serves at the pleasure of the Board.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides emergency medical services within the District.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. There were no component units of the District for the years ended December 31, 2016.

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**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

**Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance and net position of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The District uses fund accounting 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. Funds are used to segregate resources that are restricted as to use.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

General Fund

The General Fund is used to account for all financial resources, except those required to be accounted for 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.

Permanent Improvement Fund

The Permanent Improvement Fund is used to account for receipts restricted to acquiring or constructing major capital projects.

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations resolution is the District’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**Cash and Investments**

To improve cash management, cash received by the District is pooled and invested. Individual fund integrity is maintained through District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2016, the District invested in a money market account and certificates of deposit through the local depository.

Interest earnings are allocated to District funds according to State statutes. Interest receipts credited to the General Fund during 2016 totaled \$3,101.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had no restricted assets at December 31, 2016.

Interfund Activity

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

**Fund Balances**

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as 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 – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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.

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 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Note 4 – Deposits and Investments**

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 4 - Deposits and Investments** (continued)

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the District or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 4 - Deposits and Investments** (continued)

At December 31, 2016, the carrying amount of the District's deposits was \$2,456,885, and the bank balance was \$2,462,093. Of the bank balance, \$500,000 was covered by federal depository insurance and \$1,962,093 was collateralized by the depository's collateral pool. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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, 2016 all of the District's bank balances were either covered by the Federal Deposit Insurance Corporation or collateralized with pooled securities held by the pledging financial institution in the manner described below.

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 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2016 represent the collection of 2015 taxes. Public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2015, were levied after October 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The full tax rate for all District operations for the year ended December 31, 2016, was \$3 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2016 property tax receipts were based are as follows:

	<u>2016</u>
Real Property	
Residential/Agriculture	\$402,824,610
Other Real Property	63,966,870
Tangible Personal Property	<u>21,675,210</u>
Total Assessed Value	<u>\$488,466,690</u>

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 6 – Risk Management**

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

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

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

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

**Note 7 – Defined Benefit Pension Plan** (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
<i>Age and Service Requirements</i> Age 60 with 60 months of service credit or age 55 with 25 years of service credit	<i>Age and Service Requirements</i> Age 60 with 60 months of service credit or age 55 with 25 years of service credit	<i>Age and Service Requirements</i> Age 57 with 25 years of service credit or age 62 with 5 years of service credit
<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 7 – Defined Benefit Pension Plan** (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contributions to OPERS for the year ended December 31, 2016 were \$121,639.

**Note 8 - Postemployment Benefits**

A. Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

**Madison Emergency Medical District  
Madison County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**Note 8 - Postemployment Benefits** (continued)

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

**B. Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.00% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member- Directed Plan for 2016 was 4.0%.

- C.** The employer contributions that were used to fund post-employment benefits are approximately \$20,178 for 2016, \$17,705 for 2015, \$17,378 for 2014.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – Interfund Transfers**

During 2016, the General Fund transferred \$200,000 to the Permanent Improvement Fund to provide additional resources. Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers are made for the purpose of purchasing new emergency medical vehicles for the District every third year.

**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***

**Independent Auditor's Report**

Board of Trustees  
Madison Emergency Medical District  
40 East Center Street  
London, Ohio 43140

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Madison Emergency Medical District, Madison County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 26, 2018, wherein we noted the District follows the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance 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 or an other matter that is required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

July 26, 2018

**Madison Emergency Medical District**  
**Madison County**  
*Schedule of Prior Year Findings*  
*For the Years Ended December 31, 2017 and 2016*

---

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2015-001	Material Weakness – Budgetary Information Within Accounting Ledgers	No	Reissued in Management Letter
2015-002	Noncompliance – Prior Encumbrance of Funds	Yes	
2015-003	Noncompliance – Annual Appropriations Measure	Yes	
2015-004	Noncompliance – Expenditures in Excess of Appropriations	Yes	
2015-005	Material Weakness – Financial Reporting	No	Reissued in Management Letter



# Dave Yost • Auditor of State

**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  
OCTOBER 16, 2018**