



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Blanchard Dunkirk Ambulance District
Hardin County
P.O. Box 95
101 South Main Street
Dunkirk, Ohio 45836

To the Board of Trustees:

We have audited the accompanying financial statements of Blanchard Dunkirk Ambulance District, Hardin County (the "District"), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the District, as of December 31, 2001 and 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

July 10, 2002

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Intergovernmental	\$4,021	\$6,952	\$10,973
Local Taxes		58,525	58,525
Charges for Services	30,073		30,073
Earnings on Investments	1,699	172	1,871
Miscellaneous	53	63	116
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	35,846	65,712	101,558
Cash Disbursements:			
Current:			
General Government	32,848		32,848
Other		1,437	1,437
Debt Service:			
Redemption of Principal	600	70,000	70,600
Interest		1,899	1,899
Capital Outlay		94,080	94,080
	<hr/>	<hr/>	<hr/>
Total Disbursements	33,448	167,416	200,864
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	2,398	(101,704)	(99,306)
Other Financing Receipts/(Disbursements):			
Proceeds of Notes		70,000	70,000
Transfers-In	3,318	7,327	10,645
Transfers-Out	(7,327)	(3,318)	(10,645)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(4,009)	74,009	70,000
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(1,611)	(27,695)	(29,306)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	20,536	27,695	48,231
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$18,925	\$0	\$18,925

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

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Intergovernmental	\$4,500	\$6,889	\$11,389
Local Taxes		59,204	59,204
Charges for Services	24,399		24,399
Earnings on Investments	353	110	463
Miscellaneous	1,096		1,096
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	30,348	66,203	96,551
Cash Disbursements:			
Current:			
General Government	28,412		28,412
Other		1,295	1,295
Debt Service:			
Redemption of Principal	600	37,000	37,600
Interest		1,003	1,003
Capital Outlay		2,710	2,710
	<hr/>	<hr/>	<hr/>
Total Disbursements	29,012	42,008	71,020
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	1,336	24,195	25,531
Other Financing Receipts/(Disbursements):			
Transfers-In		2,500	2,500
Transfers-Out	(2,500)		(2,500)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(2,500)	2,500	0
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,164)	26,695	25,531
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	21,700	1,000	22,700
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$20,536	\$27,695	\$48,231

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

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Blanchard Dunkirk Ambulance District, Hardin County, (the "District"), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed three-member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions are Blanchard Township, Village of Dunkirk, and Washington Township. The District provides rescue services within the District and by contract to areas outside the District.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost. Purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The District had the following Capital Project Fund:

Building Fund - This fund received tax levy money used for the construction of a new EMS building and the purchase of a new ambulance.

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2001	2000
Demand deposits	\$7,425	\$31,431
Certificates of deposit	11,500	16,800
Total deposits	18,925	48,231

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,500	\$39,164	\$9,664
Capital Projects	68,226	143,039	74,813
Total	<u>\$97,726</u>	<u>\$182,203</u>	<u>\$84,477</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,000	\$40,775	(\$5,775)
Capital Projects	0	170,734	(170,734)
Total	<u>\$35,000</u>	<u>\$211,509</u>	<u>(\$176,509)</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,000	\$30,348	(\$8,652)
Capital Projects	65,166	68,703	3,537
Total	<u>\$104,166</u>	<u>\$99,051</u>	<u>(\$5,115)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$30,000	\$31,512	(\$1,512)
Capital Projects	0	42,008	(42,008)
Total	<u>\$30,000</u>	<u>\$73,520</u>	<u>(\$43,520)</u>

The District did not appropriate from the Capital Projects fund during either 2001 or 2000 which resulted in expenditures exceeding appropriations. During 2001 and 2000, the General Fund had expenditures greater than appropriations. As a result the requirements of Ohio Rev. Code Section 5705.41(B) were violated.

4. PROPERTY TAX

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

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX (Continued)

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

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

5. DEBT

On January 2, 2001, the District received a \$35,000 revenue anticipation note and a \$35,000 tax anticipation note at 5.80% from National City Bank for the purchase of an ambulance. The proceeds of these notes were recorded in the Capital Projects Fund. These notes were paid off on October 29, 2001 using tax levy money and a transfer from the General Fund. The remaining balance in the Capital Projects Fund, which was less than the amount transferred to this fund, was then transferred back to the General Fund.

During 1997, the District purchased land from Blanchard Township for \$12,000. The annual debt payments are \$600, with no interest, for a period of twenty years. Blanchard Township is withholding this annual payment from the ambulance contract with the District. At December 31, 2001 the total outstanding debt on this land purchase was \$9,600.

6. RETIREMENT SYSTEM

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

PERS member are required to contribute 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2001 and the period January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 though December 31, 2000. The District paid both the employee and employer share of the PERS contribution. The District has paid all contributions required through December 31, 2001.

The District did not issue W-2s during 2001 and 2000 which resulted in the District's payment of the employee's share of PERS not being reported as taxable income.

7. RISK MANAGEMENT

Commercial Insurance

The Blanchard Dunkirk Ambulance District has obtained commercial insurance for the following risks:

- Ambulance Package
- Ambulance Management
- Commercial Auto
- Commercial Property
- General Liability

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

8. CONTINGENT LIABILITIES

The District is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the District's financial condition.

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STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Blanchard Dunkirk Ambulance District
Hardin County
P.O. Box 95
101 South Main Street
Dunkirk, Ohio 45836

To the Board of Trustees:

We have audited the accompanying financial statements of Blanchard Dunkirk Ambulance District, Hardin County (the "District"), as of and for the years ended December 31, 2001 and 2000 and have issued our report thereon dated July 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40233-001 through 2001-40233-003. We also noted a certain immaterial instance of noncompliance that we have reported to the management of the District in a separate letter dated July 10, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated July 10, 2002.

Blanchard Dunkirk Ambulance District
Hardin County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 10, 2002

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40233-001

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2001, the General Fund had expenditures of \$40,775 and appropriations of \$35,000, and during 2000, the General Fund had expenditures of \$31,512 and appropriations of \$30,000. During 2001, the Capital Projects Fund had expenditures of \$170,734 and appropriations of \$0, and during 2000, the Capital Projects Fund had expenditures of \$42,008 and appropriations of \$0.

Procedures should be implemented by the District to help assure that expenditures do not exceed appropriations.

FINDING NUMBER 2001-40233-002

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 for ambulance districts, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During the audit period, the District certified 100% of the expenditures through the use of a voucher signed by the Clerk and Board of Trustees President. However, the certification was not made until after the commitment. In addition, this certification did not meet the requirements of the two exceptions noted above. Procedures should be implemented not only to help ensure compliance with this requirement, but to help prevent the unauthorized obligation of District funds.

FINDING NUMBER 2001-40233-003

26 CFR Section 1.6041-2 states that any wages paid to an employee are required to be reported on form W-2. In addition, **26 CFR Section 1.61-21** states that any taxable fringe benefits should also be included on the form W-2. The District did not issue W-2's to any of its employees, and in addition, the District pays the employees portion of PERS which was not reported as taxable income.

A form W-2 should be issued to all employees each year and the District should report on the W-2 taxable fringe benefits such as the employee portion of PERS paid by the District. Monitoring procedures should be implemented by the District to help assure that W-2s are prepared and they report all wages.

**BLANCHARD DUNKIRK AMBULANCE DISTRICT
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding no Longer Valid; Explain:
1999-40233-001	Ohio Rev Code Section 5705.36	Yes	N/A
1999-40233-002	Ohio Rev Code Sections 5705.38, 5705.41(B) and 5705.41(D)	No	Partially Corrected - Ohio Rev. Code Sections 5705.41(B) and 5705.41(D) have been repeated as findings 2001-40233-001 and 2001-40233-002, respectively.



STATE OF OHIO
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BLANCHARD-DUNKIRK AMBULANCE DISTRICT

HARDIN 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
AUGUST 6, 2002**