



**FREDERICKTOWN COMMUNITY JOINT
EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005



Mary Taylor, CPA
Auditor of State

FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fredericktown Community Joint Emergency Ambulance District
Knox County
18405 Roberts Road
Fredericktown, Ohio 43019

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and each major fund of Fredericktown Community Joint Emergency Ambulance District, Knox County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards permits* the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Fredericktown Community Joint Emergency Ambulance District, Knox County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the accounting basis Note 2 describes.

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For the year ended December 31, 2005, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The District did not present Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

February 27, 2007

FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$121,307</u>
<i>Total Assets</i>	<u><u>\$121,307</u></u>
Net Assets	
Restricted for:	
Capital Projects	165
Unrestricted	<u>121,142</u>
<i>Total Net Assets</i>	<u><u>\$121,307</u></u>

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$150,203	\$1,000	\$3,078	(\$146,125)
Capital Outlay	3,049	0	0	(3,049)
Debt Service:				
Principal	12,700	0	0	(12,700)
Interest	2,197	0	0	(2,197)
<i>Total Governmental Activities</i>	<u>\$168,149</u>	<u>\$1,000</u>	<u>\$3,078</u>	<u>(164,071)</u>
General Receipts				
Property Taxes				117,201
Grants and Entitlements not Restricted to Specific Programs				20,670
Earnings on Investments				5,845
Miscellaneous				16,334
<i>Total General Receipts</i>				160,050
Change in Net Assets				(4,021)
<i>Net Assets Beginning of Year</i>				125,328
<i>Net Assets End of Year</i>				<u>\$121,307</u>

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	GENERAL	CAPITAL PROJECT FUND	TOTAL GOVERNMENTAL FUNDS
Assets			
Equity in Pooled Cash and Cash Equivalents	\$121,142	\$165	\$121,307
<i>Total Assets</i>	<u>\$121,142</u>	<u>\$165</u>	<u>\$121,307</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	22,824	0	22,824
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	98,318	0	98,318
Capital Projects Funds	0	165	165
<i>Total Fund Balances</i>	<u>\$121,142</u>	<u>\$165</u>	<u>\$121,307</u>

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	GENERAL	CAPITAL PROJECT FUND	TOTAL
Receipts			
Property and Other Local Taxes	\$117,201	\$0	\$117,201
Charges for Services	1,000	0	1,000
Intergovernmental	20,670	3,078	23,748
Earnings on Investments	5,845	0	5,845
Miscellaneous	16,334	0	16,334
Total Receipts	161,050	3,078	164,128
Disbursements			
Current:			
General Government	150,203	0	150,203
Capital Outlay	0	3,049	3,049
Debt Service:			
Principal Retirement	0	12,700	12,700
Interest and Fiscal Charges	0	2,197	2,197
Total Disbursements	150,203	17,946	168,149
Excess of Receipts Over (Under) Disbursements	10,847	(14,868)	(4,021)
Other Financing Sources (Uses)			
Transfers In	0	14,897	14,897
Transfers Out	(14,897)	0	(14,897)
Total Other Financing Sources (Uses)	(14,897)	14,897	0
Net Change in Fund Balances	(4,050)	29	(4,021)
Fund Balances Beginning of Year	125,192	136	125,328
Fund Balances End of Year	\$121,142	\$165	\$121,307

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY
AMBULANCE DISTRICT, KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$110,000	110,000	\$117,202	\$7,202
Charges for Services	1,000	1,000	1,000	0
Intergovernmental	11,200	11,200	20,670	9,470
Earnings on Investments	500	500	5,845	5,345
Miscellaneous	0	0	16,334	16,334
<i>Total receipts</i>	<u>122,700</u>	<u>122,700</u>	<u>161,051</u>	<u>38,351</u>
Disbursements				
Current:				
General Government	228,004	213,107	173,028	40,079
<i>Total Disbursements</i>	<u>228,004</u>	<u>213,107</u>	<u>173,028</u>	<u>40,079</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(105,304)</u>	<u>(90,407)</u>	<u>(11,977)</u>	<u>78,430</u>
Other Financing Uses				
Transfers Out	0	(14,897)	(14,897)	0
<i>Net Change in Fund Balance</i>	(105,304)	(105,304)	(26,874)	78,430
<i>Fund Balance Beginning of Year</i>	119,052	119,052	119,052	0
Prior Year Encumbrances Appropriated	6,140	6,140	6,140	0
<i>Fund Balance End of Year</i>	<u>\$19,888</u>	<u>\$19,888</u>	<u>\$98,318</u>	<u>\$78,430</u>

See accompanying notes to the basic financial statements

FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$125,328</u>
<i>Total Assets</i>	<u><u>\$125,328</u></u>
Net Assets	
Restricted for:	
Capital Projects	136
Unrestricted	<u>125,192</u>
<i>Total Net Assets</i>	<u><u>\$125,328</u></u>

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Capital Grants and Contributions</u>	
			<u>Governmental Activities</u>	
Governmental Activities				
General Government	\$123,767	\$1,000	\$0	(\$122,767)
Other	609	0	0	(609)
Capital Outlay	123,313	0	15,923	(107,390)
<i>Total Governmental Activities</i>	<u>\$247,689</u>	<u>\$1,000</u>	<u>\$15,923</u>	<u>(230,766)</u>
				General Receipts
				111,171
				17,060
				54,000
				25,000
				3,939
				<u>1,517</u>
				<i>Total General Receipts</i>
				212,687
				(18,079)
				<i>Net Assets Beginning of Year</i>
				<u>143,407</u>
				<i>Net Assets End of Year</i>
				<u>\$125,328</u>

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	GENERAL	CAPITAL PROJECT FUND	TOTAL GOVERNMENTAL FUNDS
Assets			
Equity in Pooled Cash and Cash Equivalents	\$125,192	\$136	\$125,328
<i>Total Assets</i>	125,192	136	125,328
Fund Balances			
Reserved:			
Reserved for Encumbrances	6,140	3,077	9,217
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	119,052	0	119,052
Capital Projects Funds	0	(2,941)	(2,941)
<i>Total Fund Balances</i>	\$125,192	\$136	\$125,328

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	GENERAL	CAPITAL PROJECTS FUND	TOTAL
Receipts			
Property and Other Local Taxes	\$111,176	\$0	\$111,176
Charges for Services	1,000	0	1,000
Intergovernmental	17,065	15,923	32,988
Earnings on Investments	3,805	136	3,941
Miscellaneous	1,518	0	1,518
Total Receipts	<u>134,564</u>	<u>16,059</u>	<u>150,623</u>
Disbursements			
Current:			
General Government	123,767	0	123,767
Capital Outlay	0	123,313	123,313
Total Disbursements	<u>123,767</u>	<u>123,313</u>	<u>247,080</u>
Excess of Receipts Over (Under) Disbursements	<u>10,797</u>	<u>(107,254)</u>	<u>(96,457)</u>
Other Financing Sources (Uses)			
Sale of Notes	0	54,000	54,000
Sale of Fixed Assets	25,000	0	25,000
Transfers In	0	54,000	54,000
Transfers Out	(54,000)	0	(54,000)
Other Financing Uses	0	(610)	(610)
Total Other Financing Sources (Uses)	<u>(29,000)</u>	<u>107,390</u>	<u>78,390</u>
Net Change in Fund Balances	(18,203)	136	(18,067)
Fund Balances Beginning of Year	143,395	0	143,395
Fund Balances End of Year	<u>\$125,192</u>	<u>\$136</u>	<u>\$125,328</u>

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$111,171	130,200	\$111,171	(\$19,029)
Charges for Services	1,000	1,000	1,000	0
Intergovernmental	17,060	7,530	17,060	9,530
Earnings on Investments	3,803	500	3,803	3,303
Miscellaneous	1,517	0	1,517	1,517
<i>Total receipts</i>	<u>134,551</u>	<u>139,230</u>	<u>134,551</u>	<u>(4,679)</u>
Disbursements				
Current:				
General Government	162,300	165,676	129,906	35,770
<i>Total Disbursements</i>	<u>162,300</u>	<u>165,676</u>	<u>129,906</u>	<u>35,770</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,749)</u>	<u>(26,446)</u>	<u>4,645</u>	<u>31,091</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	25,000	0	25,000	25,000
Transfers Out	(54,000)	(54,000)	(54,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(29,000)</u>	<u>(54,000)</u>	<u>(29,000)</u>	<u>25,000</u>
<i>Net Change in Fund Balance</i>	(56,749)	(80,446)	(24,355)	56,091
<i>Fund Balance Beginning of Year</i>	140,031	140,031	140,031	0
Prior Year Encumbrances Appropriated	3,376	3,376	3,376	0
<i>Fund Balance End of Year</i>	<u>\$86,658</u>	<u>\$62,961</u>	<u>\$119,052</u>	<u>\$56,091</u>

See accompanying notes to the basic financial statements

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

Note 1 – Reporting Entity

Fredericktown Community Joint Emergency Ambulance District, Knox County, Ohio (the District), is a body politic and corporate 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 a six-member Board of Directors, which includes one representative appointed by each board of township trustees and one representative appointed by the legislative authority of each municipal corporation in the District. The District provides emergency medical services under Section 505.71 and 505.73 of the Ohio Revised Code.

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 Note 2.C, 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 included all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The statement of net assets presents the cash balance 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 cash basis or draws from the District's general receipts.

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

B. 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

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major governmental fund is the 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.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modification having substantial support, 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. Any such modifications made by the District are described in the appropriate section in this note.

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.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, 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 ordinance is the District's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the District, the legal level of control.

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies Continued

D. Budgetary Process (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal officer. 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 certificated 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.

E. Cash

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".

The District maintained a money market (STAR Ohio) and checking account.

F. 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.

G. 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.

H. 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 Note 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are 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. Net Assets restricted for other purposes for the District include amounts restricted for capital related projects. The District's policy is to first apply restricted resources when an obligation is incurred for purpose for which both restricted and unrestricted net assets are available.

Note 3 – Change in Presentation

In 2004, the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. The District has implemented the cash basis of accounting described in note 2 for December 31, 2005. The fund financial statements now present each major fund in a separate column, rather than a column for each fund type.

Note 4 – 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 all funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – 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 Directors 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;

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreement in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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).

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the District by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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.

At year end, the District had no undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

At December 31, 2006, the carrying amount of the District's deposits was \$121,307. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosure*", at December 31, 2006, all of the District's bank balance of \$24,882 was covered by the Federal Deposit Insurance Corporation (FDIC).

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

At December 31, 2005, the carrying amount of the District's deposits was \$125,328. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosure*", at December 31, 2005 \$49,842 of the District's bank balance of \$149,842 was exposed to custodial risk as discussed below, while \$100,000 was covered by the Federal Deposit Insurance Corporation (FDIC). Although all State statutory requirements for the deposit of money has 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's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

Deposits

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.

Investments

As of June 30, 2006, the District had balance of \$109,817 in STAROhio, the State Treasurer's Investment Pool. At June 30, 2005, the District had \$104,058 invested in STAROhio.

Credit Risk

Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

Note 6 – 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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. 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.

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

Note 6 – Property Taxes (Continued)

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2005, 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.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all District operations for the year ended December 31, 2005, was 2.1 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

Real Property	2006	2005
Residential	\$84,838,410	\$76,303,330
Agriculture	\$30,923,940	\$29,491,960
Commercial/Industrial/Mineral	\$11,776,200	\$11,753,400
Public Utility Property		
Real	\$30,880	\$29,360
Personal	\$18,159,608	\$15,936,350
Tangible Personal Property	\$5,684,060	\$5,677,900
Total Assessed Value	\$151,413,098	\$139,192,300

Note 7 – Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the District contracted with VFIS of Ohio/Ohio Public Risks Insurance. The District has commercial insurance for comprehensive property and general liability; crime; portable equipment; and management liability.

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

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

Note 8 – Retirement Systems

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 12.7 percent of covered payroll. For year ended December 31, 2006, members were required to contribute 9 percent of their annual covered salaries. The employer contribution rate for pension benefits was 13.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, and 2005 were \$16,638 and \$14,072 respectively.

Note 9 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 percent of covered payroll was the portion that was used to fund health care.

**FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

Note 9 – Postemployment Benefits (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. The actual employer contributions for 2005 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

A. Ohio Public Employees Retirement System

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Note 10 - Notes Payable

In 2005, the District issued general obligation notes to finance the purchase of a new ambulance. The District's notes are fully collateralized by pledged taxes.

A summary of the note transactions for the years ended December 31, 2006 and 2005, follows:

Equipment Note	Interest Rate	Balance 12/31/04	Additions	Reductions	Balance 12/31/05	Additions	Reductions	Balance 12/31/06
Ambulance	4.13%	\$0	\$54,000	\$0	\$54,000	\$0	\$12,700	\$41,300

FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)

Note 10 - Notes Payable (Continued)

The following is a schedule of payments:

	Equipment Notes	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 13,200	\$ 1,704
2008	\$ 13,800	\$ 1,159
2009	\$ 14,300	\$ 590



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Fredericktown Community Joint Emergency Ambulance District
Knox County
18405 Roberts Road
Fredericktown, Ohio 43019

To the Board of Directors:

We have audited the financial statements of the governmental activities and each major fund of Fredericktown Community Joint Emergency Ambulance District, Knox County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2007, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. The District did not present Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated February 27, 2007.

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 27, 2007



Mary Taylor, CPA
Auditor of State

FREDERICKTOWN COMMUNITY JOINT EMERGENCY AMBULANCE DISTRICT
KNOX 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
APRIL 12, 2007