



**Auditor of State
Betty Montgomery**

APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Appleseed Joint Ambulance District
Hancock County
516 N. Main Street
P.O. Box 678
Arlington, OH 45814-0678

To the Board of Trustees:

We have audited the accompanying financial statements of Appleseed Joint Ambulance District, Hancock County, (the District) as of and for the years ended December 31, 2002 and 2001. 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 audits.

We conducted our audits 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 audits provide 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the District, as of December 31, 2002 and 2001, and its combined 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 August 11, 2003 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 audits.

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

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

Betty Montgomery
Auditor of State

August 11, 2003

**APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$34,818	\$16,556	\$51,374
Intergovernmental	6,687		6,687
Charges for Services	10,788		10,788
Earnings on Investments	1,237		1,237
Other Revenue	1,273		1,273
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,803	16,556	71,359
Cash Disbursements:			
Current:			
Salary - Clerk	3,000		3,000
Supplies - Administrative	2,123		2,123
Equipment - Administrative	17,218		17,218
Insurance	6,494		6,494
Legal	67		67
Employer's OPERS and Medicare	450		450
Workers Compensation	96		96
County Auditor and Treasurer Fees	971		971
Election Expenses	975		975
Other Expenses - Vehicle Maintenance	480		480
Building:			
Improvement of Site	1,175		1,175
Utilities	1,539		1,539
Maintenance Supplies and Materials	426		426
Repairs	163		163
Other Expenses - Building and Grounds	360		360
Debt Service:			
Redemption of Principal		15,331	15,331
Interest and Fiscal Charges		1,225	1,225
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	35,537	16,556	52,093
Total Receipts Over Disbursements	19,266		19,266
Fund Cash Balance, January 1	56,730		56,730
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	<u>\$75,996</u>		<u>\$75,996</u>

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

**APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$34,226	\$16,556	\$50,782
Intergovernmental	6,502		6,502
Charges for Services	7,715		7,715
Earnings on Investments	1,878		1,878
Other Revenue	6,153		6,153
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	56,474	16,556	73,030
Cash Disbursements:			
Current:			
Salary - Clerk	2,220		2,220
Supplies - Administrative	4,545		4,545
Equipment - Administrative	16,299		16,299
Insurance	4,978		4,978
Legal	286		286
Employer's OPERS and Medicare	303		303
Workers Compensation	270		270
County Auditor and Treasurer Fees	2,599		2,599
Other Expenses - Vehicle Maintenance	360		360
Building:			
Improvement of Site	13,805		13,805
Utilities	2,029		2,029
Maintenance Supplies and Materials	317		317
Repairs	71		71
Other Expenses - Building and Grounds	360		360
Debt Service:			
Redemption of Principal		14,380	14,380
Interest and Fiscal Charges		2,176	2,176
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	48,442	16,556	64,998
Total Receipts Over Disbursements	8,032		8,032
Fund Cash Balance, January 1	48,698		48,698
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	<u>\$56,730</u>	<u>\$56,730</u>	<u>\$56,730</u>

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

**APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Appleseed Joint Ambulance District, Hancock 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 five-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Eagle Township, Madison Township, Van Buren Township, Village of Arlington, and Village of Jenera. The District provides emergency medical services and transportation.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Certificates of deposit are valued at cost.

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. Debt Service Fund

This fund is used to accumulate resources for the retirement of note indebtedness. The District has a debt service fund that receives property taxes to retire note debt issued for the purchase of a new ambulance.

**APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 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

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$59,629	\$24,998
Certificates of deposit	16,367	31,732
Total deposits	<u>\$75,996</u>	<u>\$56,730</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,918	\$54,803	(\$5,115)
Debt Service	16,556	16,556	
Total	<u>\$76,474</u>	<u>\$71,359</u>	<u>(\$5,115)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,700	\$35,537	\$42,163
Debt Service	16,556	16,556	
Total	<u>\$94,256</u>	<u>\$52,093</u>	<u>\$42,163</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,113	\$56,474	(\$639)
Debt Service	16,556	16,556	
Total	<u>\$73,669</u>	<u>\$73,030</u>	<u>(\$639)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,220	\$48,442	\$48,778
Debt Service	16,556	16,556	
Total	<u>\$113,776</u>	<u>\$64,998</u>	<u>\$48,778</u>

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.

Public utilities are also taxed on personal and real property located within the District.

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.

**APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$8,025	6.25%

The general obligation notes were issued to finance the purchase of a new ambulance. The notes were issued on April 2, 1998 in the amount of \$70,000 and have maturities through April 2, 2003. The notes are collateralized solely by the District's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

	General Obligation Notes
<u>Year ending December 31:</u>	
2003	\$8,278

6. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OPERS contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

**APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$20,174,977	\$19,358,458
Liabilities	8,550,749	8,827,588
Retained Earnings	<u>\$11,624,228</u>	<u>\$10,530,870</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$2,565,408	\$1,890,323
Liabilities	655,318	469,100
Retained Earnings	<u>\$1,910,090</u>	<u>\$1,421,223</u>

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**Auditor of State
Betty Montgomery**

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

Appleseed Joint Ambulance District
Hancock County
516 N. Main Street
P.O. Box 678
Arlington, OH 45814-0678

To the Board of Trustees:

We have audited the accompanying financial statements of Appleseed Joint Ambulance District, Hancock County, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 11, 2003. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated August 11, 2003.

Internal Control over Financial Reporting

In planning and performing our audits, 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.

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

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

Betty Montgomery
Auditor of State

August 11, 2003

**APPLESEED JOINT AMBULANCE DISTRICT
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40232-001	ORC § 5705.41(D) certification of expenditures.	No	Improvement has been made reducing this to a management letter comment.



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

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APPLESEED JOINT AMBULANCE DISTRICT

HANCOCK 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
SEPTEMBER 11, 2003**