



**Auditor of State  
Betty Montgomery**



**BLANCHARD DUNKIRK AMBULANCE DISTRICT  
HARDIN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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 the Blanchard Dunkirk Ambulance District (the "District") as of and for the years ended December 31, 2003 and 2002. 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance and reserves for encumbrances of the District as of December 31, 2003 and 2002, 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 August 26, 2004 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 the management, 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 26, 2004

**BLANCHARD DUNKIRK AMBULANCE DISTRICT  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Cash Receipts:</b>	
2001 Runs	\$220
2002 Runs	6,452
2003 Runs	11,993
Ambulance Contracts	16,215
Public Utility Reimbursement	1,824
Insurance Claim Reimbursement	764
Interest Income	576
State Grant	8,544
Donations	<u>2,165</u>
 Total Cash Receipts	 48,753
 <b>Cash Disbursements:</b>	
Operating Expenses:	
Bond	100
Building	559
Building Maintenance	336
City Tax	41
Claims Court	10
Computer Software	1,600
Deposit Tickets	23
Drug License Renewal Fees	150
Electric	826
Equipment	7,172
Equipment Repair	122
Gas	1,264
Heating Gas	1,226
Hippa	500
In Service Expense	1,855
Insurance	7,632
Law Suit	4,429
Miscellaneous	1,236
Office Supplies	298
Oxygen	789
Payroll	4,420
PERS	1,090
Postage and Stamps	270
Printing	277
Refund Insurance	145
Repairs - Radio	85
Repairs - Building	1,099
Repairs - Vehicle	305
State Grant Expense	6,347
Supplies	2,867
Taxes	12
Telephone	1,467
Training-Tuition	550
Uniforms-Clothing	2,076
Water & Sewer	143
Workers Compensation	417
Debt Retirement - Principal	<u>600</u>
 Total Cash Disbursements	 <u>52,338</u>
 Total Receipts (Under) Disbursements	 (3,585)
 Fund Cash Balance, January 1	 <u>26,565</u>
 <b>Fund Cash Balance, December 31</b>	 <u><u>\$22,980</u></u>

*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 BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>Cash Receipts:</b>	
1999 Runs	\$22
2000 Runs	336
2001 Runs	4,983
2002 Runs	17,130
Ambulance Contracts	16,215
Public Utility Reimbursement	1,824
Ambulance Reimbursement	1,230
Insurance Claim Reimbursement	190
Interest Income	288
State Grant	3,661
Intergovernmental	490
	490
Total Cash Receipts	46,369
 <b>Cash Disbursements:</b>	
Operating Expenses:	
Audit	1,856
Bond	150
Building Maintenance	457
City Tax	30
Claims Court	64
Computer Software	695
Drug License Renewal Fees	150
Dues	75
Electric	1,146
Equipment	200
Equipment Repair	31
Gas	1,697
Heating Gas	629
In Service Expense	1,210
Insurance	6,976
Insurance Claim	140
Law Suit	4,720
Miscellaneous	367
Office Supplies	633
Oxygen	1,552
Payroll	4,140
PERS	929
Personnel	500
Postage and Stamps	349
Printing	114
Refund Medicaid	147
Refund Insurance	98
Refund Medicare	382
Repairs - Radio	300
Repairs - Building	123
Repairs - Vehicle	811
State Grant Expense	4,004
Supplies	1,531
Taxes	3
Telephone	1,703
Water & Sewer	125
Workers Compensation	92
Debt Retirement - Principal	600
	600
Total Cash Disbursements	38,729
Total Receipts Over Disbursements	7,640
Fund Cash Balance, January 1	18,925
<b>Fund Cash Balance, December 31</b>	<b>\$26,565</b>
Reserve for Encumbrances, December 31	<b>\$2,785</b>

*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, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The 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 two-member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions are Blanchard Township and the Village of Dunkirk. The District provides rescue services by contract.

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 fund into the following type:

**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.

**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. Since the District did not receive tax levy money during 2003 and 2002, the County Budget Commission was not required to approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**BLANCHARD DUNKIRK AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. Since the District did not receive tax levy money during 2003 and 2002, the County Budget Commission was not required to 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. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2003 and 2002 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 carrying amount of cash and investments at December 31 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$6,287	\$10,536
Certificates of deposit	16,693	16,029
Total deposits	<u>\$22,980</u>	<u>\$26,565</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) the National Credit Union Share Insurance Fund.

The District maintained a savings account and a certificate of deposit at a credit union. A credit union is not an eligible depository per Ohio Revised Code Section 135.03.

**BLANCHARD DUNKIRK AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

<b>2003 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$0	\$48,753	\$48,753

<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$0	\$52,338	(\$52,338)

<b>2002 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$40,000	\$46,369	\$6,369

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$40,000	\$41,514	(\$1,514)

During 2003, the District did not adopt annual appropriations which violated the requirements of Ohio Rev. Code Section 5705.38. As a result of not adopting appropriations, all District expenditures were greater than appropriations which violated the requirements of Ohio Rev. Code Section 5705.41(B).

**4. DEBT**

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, 2003 the total outstanding debt on this land purchase was \$8,400.

**5. 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 2002 and 2003. The District paid both the employee and employer share of the PERS contribution. The District has paid all contributions required through December 31, 2003.

**BLANCHARD DUNKIRK AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. 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



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 financial statements of the Blanchard Dunkirk Ambulance District (the "District") as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 26, 2004. 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 2003-001 through 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated August 26, 2004.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-005.

**Internal Control Over Financial Reporting  
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 August 26, 2004.

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



**Betty Montgomery**  
Auditor of State

August 26, 2004

BLANCHARD DUNKIRK AMBULANCE DISTRICT  
HARDIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2003- 001

**Noncompliance**

**Ohio Rev. Code Section 135.13** states that interim deposits shall 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, but not limited to, pass book accounts. In addition, **Ohio Rev. Code Section 135.03** states eligible depositories include national banks and banks defined in ORC Section 1101.01. **Ohio Rev. Code Section 1101.01(B)** states that a "Bank" means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise. "Bank" also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority of another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

The District has certificates of deposit with a maturity period of 24 months, which violates Ohio Rev. Code 135.13. In addition, the District has a savings account and a certificate of deposit invested with a local credit union, which is not an eligible depository according to Ohio Rev. Code Section 135.03.

Monitoring procedures should be implemented by the District to help assure compliance with the Ohio Revised Code Sections referenced above.

FINDING NUMBER 2003-002

**Noncompliance**

**Ohio Rev. Code Section 5705.38** states that on or about the first day of each fiscal year, an appropriation measure is to be passed. **Ohio Rev. Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2003, the District Trustees did not approve the annual appropriations resolution. Since there were no legal appropriations, the District's expenditures exceeded appropriations.

The District should implement monitoring procedures to help ensure that appropriations are approved as required by Ohio Rev. Code Section 5705.38.

**FINDING NUMBER 2003- 003**

**Noncompliance**

**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 2003- 004**

**Noncompliance Citation**

**26 CFR Section 1.6041-2** states that any wages paid to an employee are required to be reported on form W-2. The District did not issue W-2's to any of its employees for 2003 or 2002.

A form W-2 should be issued to all employees each year. Monitoring procedures should be implemented by the District to help assure that W-2s are prepared annually.

**FINDING NUMBER 2003- 005**

**Reportable Condition**

**Adoption and Monitoring of the Annual Budget**

An entity's budget receipts and expenditures should be recorded in the accounting records. To assist in the management of an entity's financial resources, the governing body should periodically review budget versus actual revenue and expenditures reports. During 2002, the budgeted receipts and expenditures were not recorded in the accounting records which prevented the Trustees from monitoring budgetary activity. During 2003, the Trustees did not approve estimated receipts or expenditures which eliminated the ability to monitor financial activity and resulted in violations of the Ohio Rev. Code.

**FINDING NUMBER 2003- 005**  
**(Continued)**

The District should implement control procedures to help assure the approval of budgeted receipts and expenditures and the recording of this budget in the accounting records. On a periodic basis, budget versus actual reports which show activity at the legal level of control should be presented to the Board for their review. Evidence of the Board's review and acceptance of these reports should be recorded in the District's minutes.

**BLANCHARD DUNKIRK AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40233-001	ORC Sec. 5705.41 (B) - Expenditures in excess of appropriations	No	Repeated as finding 2003-002
2001-40233-002	ORC Sec. 5705.41 (D) - Failure to certify availability of funds prior to the commitment	No	Repeated as finding 2003-003
2001-40233-003	26 CFR Section 1.6041-2 and 26 CFR Section 1.61-21 - Failure to report wages and taxable benefits on form W-2	No	26 CFR Section 1.6041-2 repeated as finding 2003-001. 26 CFR Section 1.61-21 not applicable for this audit period.



**Auditor of State  
Betty Montgomery**

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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  
SEPTEMBER 30, 2004**