



Mary Taylor, CPA
Auditor of State

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

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Mary Taylor, CPA
Auditor of State

BKP Ambulance District
Hardin County
439 South Main Street
Kenton, Ohio 43326

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 23, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

BKP Ambulance District
Hardin County
439 South Main Street
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of the BKP Ambulance District, Hardin County (the District), as of and for the years ended December 31, 2009 and 2008. 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 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the BKP Ambulance District, Hardin County, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2010, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 23, 2010

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Receipts:

Trips and Transports	\$698,317
Property Taxes	57,596
Intergovernmental	29,596
Interest	375
Miscellaneous	822
Total Cash Receipts	<u>786,706</u>

Cash Disbursements:

Current:

Wages and Salaries	458,094
Employee Benefits	169,679
Credit Card Fees	439
Collection Fees	5,525
Internet Access	577
Postage	1,318
Audit Fees	2,216
Office Expenses	10,478
Attorney Fees	29,412
Delinquent OPERS Contributions	21,425
Administration Incidentals	30,105
Administration Expenses	35,054
Real Estate Taxes	33
Property Insurance	12,394
Building and Grounds	5,464
Telephone	4,278
Utilities	13,018
Medical Supplies	7,324
Oxygen Supply	2,759
Freight	236
Uniform Rental and Accessories	3,836
Linen Service	329
Squadhouse Supplies	2,677
Fuel	14,783
Vehicle Incidentals	1,414
Vehicle Repairs	10,041
Vehicle Expense	1,471
Equipment	8,984
Training	8,602
Total Cash Disbursements	<u>861,965</u>
Total Receipts Over Disbursements	<u>(75,259)</u>
Fund Cash Balance, January 1	<u>142,529</u>
Fund Cash Balance, December 31	<u><u>\$67,270</u></u>

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

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

Cash Receipts:

Trips and Transports	\$621,266
Property Taxes	59,767
Intergovernmental	28,744
Interest	2,781
Miscellaneous	538
Total Cash Receipts	<u>713,096</u>

Cash Disbursements:

Current:

Wages and Salaries	385,414
Employee Benefits	172,406
Credit Card Fees	293
Collection Fees	7,064
Internet Access	549
Postage	1,036
Audit Fees	4,186
Internet Service	50
Office Expenses	6,022
Attorney Fees	10,928
Delinquent OPERS Contributions	11,566
Administration Incidentals	19,082
Administration Expenses	1,088
Real Estate Taxes	33
Property Insurance	12,173
Building and Grounds	5,381
Telephone	2,888
Utilities	11,048
Pharmaceuticals	365
Medical Supplies	4,345
Oxygen Supply	2,661
Freight	149
Uniform Rental and Accessories	634
Linen Service	1,315
Squadhouse Supplies	1,104
Supplies Other	40
Fuel	18,675
Vehicle Incidentals	545
Vehicle Repairs	3,117
Vehicle Expense	258
Equipment	11,379
Training	471
Total Cash Disbursements	<u>696,265</u>
Total Receipts Over Disbursements	16,831
Fund Cash Balance, January 1	<u>125,698</u>
Fund Cash Balance, December 31	<u><u>\$142,529</u></u>

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

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the BKP Ambulance District, Hardin County, (the District) as a body corporate and politic. A seven-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Buck Township, Cessna Township, Dudley Township, Goshen Township, Lynn Township, Pleasant Township, and the City of Kenton.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The District maintained all money in deposit accounts.

STAR Ohio is recorded at the share value reported by the mutual fund.

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 reports 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Unpaid Vacation and Sick Leave

District employees are entitled to cash payment for unused vacation leave in certain circumstances, such as leave of employment. Unpaid vacation leave is not reflected as a liability under the basis of accounting used by the District.

2. EQUITY IN DEPOSITS

The District maintains all money in deposits. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2009	2008
Demand deposits	\$ 9,609	\$ 4,239
Other time deposits (savings and NOW accounts)	138,290	138,290
Total deposits	9,609	142,529
STAR Ohio	57,661	
Total deposits and investments	\$67,270	\$142,529

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution to the District.

Investments: Investments in STAR, Ohio are not evidenced by securities that exist in physical or book-entry form.

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$769,949	\$786,706	\$16,757

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$905,566	\$861,965	\$43,601

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$639,155	\$713,096	\$73,941

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$764,854	\$696,265	\$68,589

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 Township.

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

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

5. RETIREMENT SYSTEM

The District's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed participants contributed 10% of their gross salaries and the District contributed an amount equaling 14%, of participant's gross salaries. The District has paid all contributions required through December 31, 2009.

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Districts. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member Districts pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

B. 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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member Districts in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$12,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
2008	\$12,173
2009	\$12,394

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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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*

BKP Ambulance District
Hardin County
439 South Main Street
Kenton, Ohio 43326

To the District Board of Trustees:

We have audited the financial statements of the BKP Ambulance District, Hardin County, (the District) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated June 23, 2010, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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 matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 23, 2010.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on it.

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

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

June 23, 2010

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

Format, Activity, and Reconciliation of the Annual Financial Statements

The annual financial statements of the District should be presented in a manner that is consistent with the presentation used by governmental entities. Cash basis financial statements should only reflect cash transactions and not include revenue and expenditure accruals. In addition, the financial statements should present beginning and ending fund balances and the ending fund balance should reconcile to the bank/investment balances.

The District's annual financial statements did not include the beginning 2009 and 2008 General Fund balances, in the amount of \$142,529 and 125,698, respectively, or the ending 2009 and 2008 General Fund balances, in the amount of \$67,270 and 142,529, respectively. The cash basis financial statements reflected revenue and expenditure accruals which resulted in the 2009 ending fund balance being overstated by \$11,851 and the 2008 ending fund balance being understated by \$1,531. In 2009 and 2008, there were unexplained variances between the book balance and bank/investment balances in the amount of \$1,052 and \$411, respectively. The accompanying financial statements have been adjusted to properly reflect the balances and/or financial activity of the District.

The failure to prepare cash basis financial statements that are consistent with the presentation used by governmental entities, that only reflect cash activity, and that reconcile to the bank/investment balances, not only inhibits the user's ability to fully understand the results of operations but may also result in material financial statement reporting errors and the inability to detect errors and/or irregularities.

The District should utilize governmental accounting resources such as those provided on the Auditor of State website when preparing annual financial statements. A review should be performed of the financial statements to help assure that only cash activity is being presented, that the ending balances reconcile to the bank/investment balances, and that the beginning and ending fund balances are presented.

Officials Response:

The difference in the ending fund balance for 2009 and 2008 was due to how the Software processes the transactions. The software used by the Clerk's Office reports some accruals for payroll and other items on the cash basis reports.

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain</i>
2007-01	Format and Activity Presented in the Annual Financial Statements	No	Repeated as finding 2009-001



Mary Taylor, CPA
Auditor of State

BKP AMBULANCE DISTRICT

HARDIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 3, 2010**