



Mary Taylor, CPA  
Auditor of State



**B & M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

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Mary Taylor, CPA  
Auditor of State

B & M Joint Ambulance District  
Carroll County  
230 S. Reed Ave.  
Malvern, Ohio 44644

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

April 19, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

B & M Joint Ambulance District  
Carroll County  
230 S. Reed Ave.  
Malvern, Ohio 44644

To the Board of Trustees:

We have audited the accompanying financial statements of the B & M Joint Ambulance District, Carroll County, (the District) as of and for the years ended December 31, 2008 and 2007. 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.

Instead of the combined funds the accompanying financial statements present, 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, 2008 and 2007 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, 2008 and 2007, 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 B & M Joint Ambulance District, Carroll County, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 April 19, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

April 19, 2010



**B&M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$98,323
Intergovernmental	12,077
Interest Income	295
Miscellaneous	1,318
	<hr/>
Total Cash Receipts	112,013
	<hr/>
<b>Cash Disbursements:</b>	
Current Disbursements:	
Salaries	4,023
Fringe Benefits	1,059
Repairs and Maintenance	2,206
Utilities	3,987
Other	9,015
Education	1,000
Contracts	52,201
Debt Service:	
Redemption of Principal	64,478
Interest and Other Fiscal Charges	4,299
	<hr/>
Total Cash Disbursements	142,268
	<hr/>
Total Receipts Over/(Under) Disbursements	(30,255)
Fund Cash Balances, January 1	53,886
	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$23,631</u></u></b>

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

**B&M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>General Fund</b>
<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$98,818
Charges for Services	
Intergovernmental	10,054
Interest Income	173
Miscellaneous	6,161
	6,161
Total Cash Receipts	115,206
<b>Cash Disbursements:</b>	
Current Disbursements:	
Salaries	3,733
Fringe Benefits	1,044
Repairs and Maintenance	3,419
Equipment	1,170
Utilities	3,505
Other	14,464
Contracts	62,500
Capital Outlay	16,279
Debt Service:	
Redemption of Principal	25,522
Interest and Other Fiscal Charges	6,402
	6,402
Total Cash Disbursements	138,038
Total Receipts Over/(Under) Disbursements	(22,832)
<b>Other Financing Receipts / (Disbursements):</b>	
Other Debt Proceeds	75,000
	75,000
Total Other Financing Receipts / (Disbursements)	75,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	52,168
Fund Cash Balances, January 1	1,718
<b>Fund Cash Balances, December 31</b>	<b>\$53,886</b>

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

**B & M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 B & M Joint Ambulance District, Carroll County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. The members are appointed by the Board of Brown Township Trustees, the Council of the Village of Malvern, and the B & M Joint Ambulance District Board. The District provides ambulance services for Brown Township and the Village of Malvern.

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 has an interest bearing checking account. Interest earned is recognized and recorded when received.

**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 type:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**B & M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Contrary to Ohio law, the District did not obtain a certificate of estimated resources from the County Budget Commission for 2008.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. The District did not use the encumbrance method of accounting.

A summary of 2008 and 2007 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.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$23,631	\$53,886

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**B & M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,886	\$112,013	\$58,127

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,000	\$142,268	(\$52,268)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,000	\$190,206	\$98,206

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,000	\$138,038	(\$46,038)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$52,268 for the year ended December 31, 2008 and \$46,038 for the year ended December 31, 2007. Also contrary to Ohio law, the District did not properly encumber funds for the years ended December 31, 2008 and 2007.

**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 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.

**B & M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. PROPERTY TAX - (Continued)**

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

**5. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2008, OPERS participants contributed 10% and for 2007 they contributed 9.5% of their wages. The District contributed an amount equaling 14% of participants' gross salaries in 2008 and a total of 13.85% in 2007. The District has paid all contributions required through December 31, 2008.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



# 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*

B & M Joint Ambulance District  
Carroll County  
230 S. Reed Ave.  
Malvern, Ohio 44644

To the District Board of Trustees:

We have audited the financial statements of the B & M Joint Ambulance District, Carroll County, (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 19, 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 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.

We noted certain matters that we reported to the District's management in a separate letter dated April 19, 2010.

### **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 instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 through 2008-003.

We also noted certain noncompliance or other matters that we reported to the District's management in a separate letter dated April 19, 2010.

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

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

**Mary Taylor, CPA**  
Auditor of State

April 19, 2010



**B & M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Noncompliance Findings**

**Ohio Revised Code Section 5705.41(D)** states that no orders or contracts involving the expenditure of money are to be made unless a certificate signed by the fiscal officer is attached. The fiscal officer must certify that the amount required for the order or contract has been lawfully appropriated and is in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. Then and Now Certificate: If the fiscal officer can certify both at the time that the contract or order was made "then" at the time that the fiscal officer is completing the certification "now", sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 (\$100 for counties) may be paid by the fiscal officer without a resolution or ordinance 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 District.

2. Blanket Certificate: Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate: The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The B & M Ambulance District did not use purchase orders with the certificate of the fiscal officer attached in our audit period. Our test of disbursements indicated that 100% of expenditures tested were committed prior to the certification of available funds by the Clerk. None of the exceptions listed above were followed, contrary to Ohio Rev. Code 5705.41 (D). This condition does not provide adequate accountability over the District's disbursements. Disbursements may be incurred which either the Trustees or management has not authorized or which the District cannot afford.

**FINDING NUMBER 2008-001  
(Continued)**

To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used. We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification prior to the District incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Implementation of this recommendation may assist the District in maintaining compliance with Ohio Revised Code.

**FINDING NUMBER 2008-002**

**Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The district's expenditures exceeded appropriations in 2008 in the amount of \$52,268 and expenditures exceeded appropriations in 2007 in the amount of \$46,038.

We recommend that the District develop procedures to ensure that actual disbursements plus encumbrances do not exceed appropriations. The District can make an amendment to the appropriation measure when expenditures will exceed disbursements, if actual resources are available.

**FINDING NUMBER 2008-003**

**Ohio Revised Code Section 5705.39** states in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The District did not obtain a certificate of estimated resources from the county audit for fiscal year 2008; therefore, appropriations exceeded estimated resources by \$143,886 for 2008.

We recommend that the District develop procedures to ensure that estimated resources are certified with the county auditor and appropriations do not exceed estimated resources.

**B&M JOINT AMBULANCE DISTRICT  
CARROLL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	No contracts involving the expenditures of money are to be made unless a certificate for the order has been lawfully appropriated.	No	The District continues not use purchase orders and encumber for this audit period, December 31, 2008 and 2007.





**Mary Taylor, CPA**  
Auditor of State

**B & M JOINT AMBULANCE DISTRICT**

**CARROLL 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  
JUNE 1, 2010**