

**BKP AMBULANCE DISTRICT
HARDIN COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018





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Board of Trustees
BKP Ambulance District
439 South Main Street
Kenton, Ohio 43326

We have reviewed the *Independent Auditor's Report* of the BKP Ambulance District, Hardin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The BKP Ambulance District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 20, 2020

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**BKP AMBULANCE DISTRICT
HARDIN COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the BKP Ambulance District, Hardin County, (the District) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and the related notes of the BKP Ambulance District, Hardin County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 17, 2020

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General
Cash Receipts	
Property and Other Local Taxes	\$ 288,907
Charges for Services	727,597
Earnings on Investments	6,646
Miscellaneous	1,000
	<u>1,024,150</u>
<i>Total Cash Receipts</i>	<u>1,024,150</u>
Cash Disbursements	
Current Disbursements:	
Public Safety	1,043,288
Capital Outlay	207,931
	<u>1,251,219</u>
<i>Total Cash Disbursements</i>	<u>1,251,219</u>
<i>Net Change in Fund Cash Balance</i>	(227,069)
<i>Fund Cash Balance, January 1</i>	<u>531,391</u>
Fund Cash Balance, December 31	
Assigned	261,795
Unassigned	42,527
	<u>304,322</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 304,322</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
For the Year Ending December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the BKP Ambulance District, Hardin County, Ohio (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.

Public Entity Risk Pool

The District participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the General Fund.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2019

Budgetary Process

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

Appropriations Budgetary disbursements (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. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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 2019 budgetary activity appears in Note 3.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2019

Note 2 - Summary of Significant Accounting Policies – Continued

Fund Balance - Continued

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Trustees can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Trustees or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the general fund.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,056,188	\$ 1,024,150	\$ (32,038)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,553,600	\$ 1,253,309	\$ 300,291

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2019

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool used by the general fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31:

	2019
Demand deposits	<u>\$ 100,461</u>
Total deposits	100,461
STAR Ohio	<u>203,861</u>
Total investments	<u>203,861</u>
Total deposits and investments	<u><u>\$ 304,322</u></u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 - Property Taxes

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

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2019

Note 6 - Risk Management

Risk Pool Membership

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through 14 appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. The OPRM also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30 percent for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM property retention remained unchanged, however, the Plan assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2019

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019.

Note 9 - Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

Note 10 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**BKP AMBULANCE DISTRICT
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General
Cash Receipts	
Property and Other Local Taxes	\$ 271,598
Charges for Services	699,302
Earnings on Investments	6,750
Miscellaneous	2,259
	<u>979,909</u>
<i>Total Cash Receipts</i>	<u>979,909</u>
Cash Disbursements	
Current Disbursements:	
Public Safety	1,043,087
	<u>1,043,087</u>
<i>Total Cash Disbursements</i>	<u>1,043,087</u>
<i>Net Change in Fund Cash Balance</i>	(63,178)
<i>Fund Cash Balance, January 1</i>	<u>594,569</u>
Fund Cash Balance, December 31	
Assigned	497,412
Unassigned	33,979
	<u>531,391</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 531,391</u>

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

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the BKP Ambulance District, Hardin County, Ohio (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.

Public Entity Risk Pool

The District participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the General Fund.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2018

Note 2 - Summary of Significant Accounting Policies - Continued

Appropriations Budgetary disbursements (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. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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 2018 budgetary activity appears in Note 3.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2018

Note 2 - Summary of Significant Accounting Policies – Continued

Fund Balance - Continued

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Trustees can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Trustees or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the General Fund.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,103,933	\$ 979,909	\$ (124,024)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,355,500	\$ 1,243,087	\$ 112,413

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2018

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool used by the general fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31:

	2018
Demand deposits	<u>\$ 258,887</u>
Total deposits	<u>258,887</u>
STAR Ohio	<u>272,504</u>
Total investments	<u>272,504</u>
Total deposits and investments	<u><u>\$ 531,391</u></u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 - Property Taxes

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

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2018

Note 6 - Risk Management

Risk Pool Membership

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through 14 appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM property retention remained unchanged, however, the Plan assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

BKP Ambulance District
Hardin County
Notes to the Financial Statements
For the Year Ending December 31, 2018

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018.

Note 9 - Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the BKP Ambulance District, Hardin County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated July 17, 2020, wherein we noted that the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Districts internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

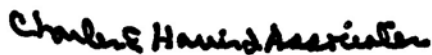
We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 17, 2020.

Entity's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the District's responses and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 17, 2020

BKP AMBULANCE DISTRICT
HARDIN COUNTY
Schedule of Audit Findings
December 31, 2019 and 2018

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

Finding Number 2019-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2019 and 2018, errors were noted in the District's financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- The amount by which general fund subsequent year appropriations exceeded estimated resources was not presented as an assignment of fund balance in the amount of \$297,412 and \$259,705 for 2018 and 2019, respectively.
- Property tax receipts were understated by \$5,732 and \$5,222 in 2019 and 2018, respectively, because they were recorded net of expenses rather than gross.
- Charges for services of \$4,584 and \$2,642 were erroneously recorded as property tax receipts in 2019 and 2018, respectively.
- In 2019, the reimbursement for a duplicate payment made was erroneously recorded as charges for services.
- In 2018, the reimbursement for a duplicate payment made to OPERS was erroneously recorded as charges for services.
- In 2019 a \$207,931 purchase of a new emergency truck was erroneously recorded as public safety expense rather than a capital outlay.
- In 2019 and 2018 we noted that cash balances as recorded in Hinkle were incorrect. However, the accounts had been reconciled by a consultant prior to the start of our audit and the resulting change to the fund balance entries totaling \$88,500 had been recorded in March and May of 2020.
- Encumbrances were overstated by \$265,827 in 2019 and \$96,826 in 2018.

The accompanying financial statements and the District's records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the District and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend management use Governmental Accounting Standards Board Statement No. 54, Auditor of State Bulletin 2011-004, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management's Response:

See Corrective Action Plan prepared by management on page 22.

BKP AMBULANCE DISTRICT
HARDIN COUNTY
Schedule of Audit Findings
December 31, 2019 and 2018

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

Finding Number 2019-002 – Material Weakness

Bank Reconciliations

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves accounting for the differences between the balance on the bank statements and the cash and investment balances according to the District's records. For the entire audit period, the District did not resolve various differences between the adjusted bank balance and the cash reflected in the District's accounting records. These differences identified in the bank reconciliations as "Other Adjusting Factors" was \$102,880 at December 31, 2019. The District used a consultant to assist in identifying and correcting the issues; however, it was not done in a timely manner. The records were not corrected until May 2020. The financial statements accompanying this report and the District's records have been adjusted.

Without complete and accurate monthly bank reconciliations, the District's internal control is weakened, which could hinder the detection of errors or irregularities by the District's management in a timely manner.

We recommend that all differences between the bank and book balances be resolved in a timely manner. Bank reconciliations should be performed and approved by the Board of Trustees monthly.

Management's Response:

See Corrective Action Plan prepared by management on page 22.

BKP AMBULANCE DISTRICT
HARDIN COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS – PREPARED BY MANAGEMENT
December 31, 2019 and 2018

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2017-001	Material Weakness- Financial Statement Presentation	Corrected	
2017-002	Material Weakness - Audit Adjustments and Reclassifications	Not corrected	See Corrective Action Plan
2017-003	Material Weakness - Bank Reconciliations	Not corrected	See Corrective Action Plan

BKP AMBULANCE DISTRICT
HARDIN COUNTY
For the Years Ended December 31, 2019 and 2018

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The Fiscal Officer will review GASB Statement Number 54, Auditor of State Bulletin 2011-004, the Uniform Accounting Network Manual, and other Auditor of State guidance as references when recording transactions and preparing financial statements.	Immediately	Peggy Brown, Fiscal Officer
2019-002	The Fiscal Officer will work with the consultant to ensure that bank reconciliations are completed timely and that all “other adjusting factors” are identified and corrected in a timely manner.	Immediately	Peggy Brown, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



BKP AMBULANCE DISTRICT

HARDIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/1/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov