

***BKP AMBULANCE DISTRICT***

***HARDIN COUNTY, OHIO***

**AUDIT REPORT**

**For the Years Ended December 31, 2013 and 2012**







# Dave Yost • Auditor of State

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, 2012 through December 31, 2013. 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 "Dave Yost".

Dave Yost  
Auditor of State

September 30, 2014

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**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

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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 and related notes of the BKP Ambulance District, Hardin County, (the District) as of and for the years ended December 31, 2013 and 2012.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting 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 responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

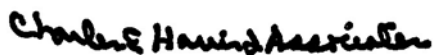
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2013 and 2012, or 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 balance of the BKP Ambulance District, Hardin County as of December 31, 2013 and 2012, and its cash receipts and disbursements 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 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.***  
August 29, 2014

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
CASH BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Cash Receipts</b>	
Trips and Transports	\$ 630,791
Property Taxes	252,531
Intergovernmental	54,954
Interest	311
Miscellaneous	<u>27,313</u>
<i>Total Cash Receipts</i>	<u>965,900</u>
 <b>Cash Disbursements</b>	
Wages and Salaries	453,331
Employee Benefits	105,699
Credit Card Fees	806
Bank Service Charges	111
Collection Fees	427
Postage	1,110
Audit Fees	164
Office Expenses	6,206
Attorney Fees	22,303
Administration and Incidentals	23,264
Administration Expenses	8,099
Real Estate Taxes	33
Property Insurance	16,622
Buildings and Grounds	7,000
Telephone	2,433
Utilities	10,770
Medical Supplies	19,823
Oxygen Supply	5,208
Squadhouse Supplies	4,328
Fuel	23,630
Vehicle Incidentals	1,258
Vehicle Repairs	6,789
Vehicle Expense	240
New Vehicle	144,682
Equipment	5,598
Training	<u>3,660</u>
<i>Total Cash Disbursements</i>	<u>873,594</u>
 <i>Excess of Receipts Over (Under) Disbursements</i>	 92,306
 <b>Other Financing Receipts (Disbursements)</b>	
Sale of Capital Assets	<u>4,500</u>
 <i>Total Other Financing Receipts (Disbursements)</i>	 <u>4,500</u>
 <i>Net Change in Fund Cash Balance</i>	 96,806
 <i>Fund Cash Balance, January 1</i>	 <u>177,352</u>
 <b>Fund Cash Balance, December 31</b>	
Unassigned	<u>274,158</u>
 <i>Fund Cash Balance, December 31</i>	 <u><u>\$ 274,158</u></u>

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



**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
CASH BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Cash Receipts</b>	
Trips and Transports	\$ 648,171
Property Taxes	250,556
Intergovernmental	57,929
Interest	115
Miscellaneous	698
	<u>957,469</u>
<i>Total Cash Receipts</i>	
	<u>957,469</u>
<b>Cash Disbursements</b>	
Wages and Salaries	425,739
Employee Benefits	145,640
Credit Card Fees	931
Collection Fees	913
Postage	764
Audit Fees	4,691
Office Expenses	15,432
Attorney Fees	17,656
Administration and Incidentals	26,333
Administration Expenses	33,261
Real Estate Taxes	33
Property Insurance	13,982
Buildings and Grounds	15,402
Telephone	2,507
Utilities	10,635
Medical Supplies	12,282
Oxygen Supply	4,095
Squadhouse Supplies	3,172
Fuel	21,752
Vehicle Incidentals	326
Vehicle Repairs	7,902
Vehicle Expense	996
New Vehicle	138,200
Equipment	12,129
Training	9,197
	<u>923,970</u>
<i>Total Cash Disbursements</i>	
	<u>923,970</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	
	33,499
<b>Other Financing Receipts (Disbursements)</b>	
Sale of Capital Assets	8,150
	<u>8,150</u>
<i>Total Other Financing Receipts (Disbursements)</i>	
	<u>8,150</u>
<i>Net Change in Fund Cash Balance</i>	
	41,649
<i>Fund Cash Balance, January 1</i>	
	<u>135,703</u>
<b>Fund Cash Balance, December 31</b>	
Unassigned	177,352
	<u>177,352</u>
<i>Fund Cash Balance, December 31</i>	
	<u>\$ 177,352</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, 2013 AND 2012**

**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 pooled all money into a Star Ohio account and demand deposits.

**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.

**E. Budgetary Process**

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

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**E. Budgetary Process (continued)**

**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. Unencumbered appropriations lapse at year end.

**2. 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 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 reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**3. Committed**

The Board of Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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.

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**F. Fund Balance (continued)**

**4. 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 Board of Trustees or a District official delegated that authority by resolution, or by State Statute.

**5. 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.

**G. 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.

**H. 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.

**2. Equity in Pooled Deposits**

The District maintains a deposit 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 was as follows:

	2013	2012
Demand deposits	<u>\$161,184</u>	<u>\$64,423</u>
Total deposits	<u>161,184</u>	<u>64,423</u>
STAR Ohio	<u>112,974</u>	<u>112,929</u>
Total investments	<u>112,974</u>	<u>112,929</u>
Total deposits and investments	<u>\$274,158</u>	<u>\$177,352</u>

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Equity in Pooled Deposits (continued)**

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

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,013,779	\$970,400	(\$43,379)

2013 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$900,200	\$873,594	\$26,606

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,047,560	\$965,619	(\$81,941)

2012 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,047,560	\$923,970	\$123,590

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the District 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  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Retirement System**

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. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

**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 governments. 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 governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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, 2013, 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 government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Risk Management (continued)**

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, 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.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$14,389	\$16,622

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to 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.

**7. Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

**8. Subsequent Events**

During 2014, the District performed an internal audit of its accounts receivable system used to track EMS billings, patient payments and insurance reimbursements. The District noted that due to improper utilization of the accounts receivable system, a large number of accounts were deemed uncollectible due to timely filing restrictions resulting in the write off of \$56,815 in 2014.

**9. Compliance**

Contrary to Ohio Revised Code Section 5705.41(D), the District did not certify that expenditures were lawfully appropriated and free from any previous encumbrance for any expenditures tested for 2013 and 2012.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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INDEPENDENT AUDITOR'S 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 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 BKP Ambulance District, Hardin County (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 29, 2014, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider finding 2013-02 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-03 described in the accompanying schedule of findings to be a significant deficiency.

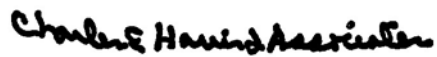


***Compliance and Other Matters***

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, opining 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2013-01.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *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 and Associates, Inc.***

August 29, 2014

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2013 and 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number: 2013-01 – Noncompliance**

**Fiscal Officer’s Certification of Expenditures**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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 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 Certificates” – If the fiscal officer can certify that both at the time that contract or order was made (“then”) and at the time that the fiscal officer was completing the certification (“now”), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for payment of the amount due. The District has thirty days from the receipt of the “then and now” certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution 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 Certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. 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 Certificates – The District may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession 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 District did not make the proper certification of funds during the audit period.

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS - continued  
December 31, 2013 and 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued</b>
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**Finding Number: 2013-01 – Noncompliance (continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's expenditures exceeding budgetary spending limitations, we recommend that the District certify expenditures prior to incurring the liability. Also, we recommend the District only use "then and now" certificates for items under \$3,000 and to have all certificates approved by the Board. This will assist in keeping adequate controls over disbursements and encumbrances.

**Finding Number: 2013-02 – 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.

Although the District's annual financial statements included the beginning and ending 2013 and 2012 General Fund balances, the financial statements did not reconcile to those totals. The cash basis financial statements reflected revenue and expenditure accruals which resulted in the 2013 and 2012 ending fund balances being overstated by \$13,242 and \$8,293, respectively. The District also purchased a new vehicle during 2012 totaling \$138,200 which was not included in the annual financial statements filed with the Auditor of State. 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.

**Finding Number: 2013-03 – Significant Deficiency**

**Accounts Receivable System – EMS Billings**

During 2012, the District stopped using its third party billing service and began using its own accounts receivable and billing system. Due to improper utilization of the billing system, there was no evidence that the District was actively pursuing the collection of delinquent EMS billings during 2013 and 2012. The delinquent EMS billing accounts not pursued for collection could result in significant loss of revenue. During 2014, the District performed an internal audit of the accounts receivable system which revealed delinquent accounts totaling \$56,815 which had to be written off due to timely filing requirements.

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS - continued  
December 31, 2013 and 2012**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued</b></p>
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**Finding Number: 2013-03 – Significant Deficiency (continued)**

We recommend the District prepare and adopt a policy and procedures manual for EMS billings which should include policies and procedures that address the roles and responsibilities of the Operations Manager and Fiscal Officer, internal controls, procedures for investigating delinquent accounts, collection of delinquencies, and any other agreed upon procedures.

**BKP AMBULANCE DISTRICT  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2011-BKP-01	Fiscal Officer's Certification of Expenditures	No	Repeated as 2013-01
2011-BKP-02	Expenditures Exceeding Appropriations	Yes	Finding No Longer Valid
2011-BKP-03	Format, Activity and Reconciliation of the Annual Financial Statements	No	Repeated as 2013-02

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# Dave Yost • 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  
OCTOBER 14, 2014**