

***EAST HOLMES FIRE & EMS DISTRICT  
HOLMES COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
East Holmes Fire & EMS District  
4124 Township Road 356  
Millersburg, OH 44610

We have reviewed the *Report of Independent Accountant* of the East Holmes Fire & EMS District, Holmes County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 to December 31, 2006. 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 East Holmes Fire & EMS District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 21, 2007

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***EAST HOLMES FIRE & EMS DISTRICT***  
**HOLMES COUNTY**  
**AUDIT REPORT**  
**For Years Ending December 31, 2006 and 2005**

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REPORT OF INDEPENDENT ACCOUNTANTS

East Holmes Fire & EMS District  
Holmes County  
4124 Township Road 356  
Millersburg, Ohio 44654

To the Board of Trustees:

We have audited the accompanying financial statements of the East Holmes Fire & EMS District, Holmes County (the District), as of and for the years ended December 31, 2006 and 2005 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2006 and 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, thereof for the years then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 to 8 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2007 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, 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 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.

***Charles E. Harris & Associates, Inc.***

June 25, 2007



East Holmes Fire & EMS District  
Holmes County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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This discussion and analysis East Holmes Fire & EMS District, Holmes County, Ohio's (District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

### **Highlights**

Key highlights for 2006 are as follows:

Net assets increased \$172,281, or 23.2 percent, a significant change from the prior year. The District's cash receipts increased greater than the increase in cash disbursements.

The District's general receipts are primarily property taxes. These receipts represent respectively 42.4 percent of the total cash received during the year. Property tax receipts for 2006 increased by \$24,167 or 6% compared to 2005. Increased property tax receipts reflect increasing property values.

Key highlights for 2005 are as follows:

Net assets increased \$ 185,415 or 33.7%, a significant change from the prior year. The District's overall increase in cash is due to an increase in cash receipts and a decrease in cash disbursements. The District had a decrease in capital outlay of \$105,550 from 2004.

The District's general receipts are primarily property taxes. These receipts represent respectively 77.6 percent of the total cash received during the year. Property tax receipts for 2005 increased by \$9,841 or 2.5% compared to 2004. The slight increase in property tax receipts reflect a slight but steady increase in property values.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. The District has one fund, the General Fund and all activity is reported here.

The notes to the financial statements are an integral part of the financial statements and provide expanded explanation and detail regarding the information reported in the statements.

East Holmes Fire & EMS District  
Holmes County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District as a Whole**

A five-member appointed board of trustees directs the District. The District also has an elected fiscal officer. The District provides fire protection and emergency medical services within the District and by contract to areas outside the District.

The statement of net assets and the statement of activities reflect how the District did financially during 2006 and 2005, within the limitations of the cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or activity draws from the District's general receipts. The District has two programs, General Government and Public Safety (fire protection & emergency medical services).

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the District into one type of activity:

Governmental activities. The District's basic service is reported here, fire protection and Emergency medical service. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

East Holmes Fire & EMS District  
 Holmes County, Ohio  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2006 and 2005  
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**Reporting the District's Most Significant Fund**

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District has but one fund, the general fund. The fund of the District is put into the governmental category:

Governmental Funds - All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District has one fund, the general fund, and all activity is reported here.

**The District as a Whole**

Table 1 provides a summary of the District's net assets for December 31, 2006 and 2005 on a cash basis:

(Table 1)  
**Net Assets**

|                      | Governmental Activities |            |
|----------------------|-------------------------|------------|
|                      | 2006                    | 2005       |
| <b>Assets</b>        |                         |            |
| Cash and Investments | \$ 912,842              | \$ 740,561 |
| Total Assets         | 912,842                 | 740,561    |
| <b>Net Assets</b>    |                         |            |
| Unrestricted         | 912,842                 | 740,561    |
| Total Net Assets     | \$ 912,842              | \$ 740,561 |

As mentioned previously, net assets of governmental activities increased \$ 172,281 or 23.2 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Increased property tax collections due to increased property values, new construction and increased tax rates; and increased charges for services, cash receipts for emergency medical runs

Also, as mentioned previously, net assets of governmental activities increased \$ 185,415 or 33.7 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- Increased property tax collections due to increased property values, new construction and increased tax rates; and increased charges for services, cash receipts for emergency medical runs

Table 2 reflects the changes in net assets in 2006 and 2005.

East Holmes Fire & EMS District  
 Holmes County, Ohio  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2006 and 2005  
 Unaudited

| <b>(Table 2)</b>   |                   |                   |
|--|-------------------|-------------------|
| <b>Changes In</b>  |                   |                   |
| <b>Net Assets</b>  |                   |                   |
|  | 2006              | 2005              |
| <b>Disbursements:</b>  |                   |                   |
| General Government   | \$ 94,617         | \$ 89,526         |
| Public Safety  | 171,684           | 149,474           |
| Capital Outlay   | <u>89,725</u>     | <u>93,247</u>     |
| Total program disbursements                                    | <u>356,026</u>    | <u>332,247</u>    |
| <b>Program receipts:</b>                                       |                   |                   |
| Charges for services   | <u>29,645</u>     | <u>40,346</u>     |
| Net program disbursements                                      | <u>326,381</u>    | <u>291,901</u>    |
| <b>General receipts:</b>                                       |                   |                   |
| Property taxes   | 425,845           | 401,678           |
| Grants and Entitlements not Restricted<br>To specific programs | 31,968            | 36,608            |
| Earnings on Investments  | 26,833            | 10,875            |
| Miscellaneous  | <u>14,016</u>     | <u>28,155</u>     |
| Total General Receipts   | <u>498,662</u>    | <u>477,316</u>    |
| Increase in Net Assets   | 172,281           | 185,415           |
| Net Assets – Beginning of the Year                             | 740,561           | 555,146           |
| Net Assets – End of the Year                                   | <u>\$ 912,842</u> | <u>\$ 740,561</u> |

The District did not begin present financial statements using GASB 34 for 2004 therefore results are not available for comparison.

Program receipts for 2006 and 2005 represent only 5.6 percent and 7.8 percent, respectively, of total receipts and are primarily comprised of charges for emergency medical runs.

General receipts for 2006 and 2005 represent 94.4 percent and 92.2, respectively, of the District's total receipts, and of these amounts, over 85 percent and 86 percent, respectively are local taxes.

During 2006 proceeds of state and federal grants and entitlements make up the balance of the District's general receipts (6.4%) along with other receipts (8.1%), which are usually insignificant and somewhat unpredictable revenue sources.

During 2005 proceeds of state and federal grants and entitlements make up the balance of the District's general receipts (7.7%) along with other receipts (2.5%), which are usually insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the District and the support services provided for the other District activities. These include the costs of Trustees, and the Fiscal Officer, as well as internal services such as payroll and purchasing.

Public Safety is the costs of fire protection and emergency medical services.

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**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 13, you will see that the statement presents disbursements, divided by natural classification (general government, public safety and capital outlay), program receipts and general receipts. The first section lists the major services provided by the District. The major program disbursement is public safety, which accounts for 48 percent for 2006 and 45 percent for 2005 of all governmental expenditures. General government also represents a significant cost for 2006 and 2005, accounting for 27 percent for both years. Capital outlay for 2006 and 2005 accounts for the remaining 25 percent for 2006 and 28 percent for 2005. The next section of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for emergency medical service. The difference between program disbursements and program receipts is net program disbursements. This "net program disbursement" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net disbursements are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3  
 Net District Disbursements

|                     | Total Cost<br>Of Services<br>2006 | Net Cost<br>of Services<br>2006 | Total Cost<br>Of Services<br>2005 | Net Cost<br>of Services<br>2005 |
|---------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Total Disbursements | \$356,026                         | \$326,381                       | \$332,247                         | \$291,901                       |

During 2006 and 2005 the dependence upon property tax receipts and other general receipts is apparent as over 91 percent and 87 percent, respectively of governmental activities are supported through these general receipts.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2006, the District did not amend its General Fund budget. Final actual receipts were greater than original budgeted receipts due to actual property tax receipts and interest receipts both outpacing budgeted amounts. The difference between final budgeted receipts and actual receipts was \$59,957.

Final disbursements were budgeted at \$1,113,229 while actual disbursements were \$394,251.

During 2005, the District did amend its General Fund budget by an insignificant amount. Final actual receipts were greater than original budgeted receipts due to actual property tax receipts and interest receipts both outpacing budgeted amounts. The difference between final budgeted receipts and actual receipts was \$56,712.

Final disbursements were budgeted at \$910,454 while actual disbursements were \$345,374.

East Holmes Fire & EMS District  
Holmes County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Capital Assets and Debt Administration**

Capital Assets

Capital Assets: The District does not report capital assets under the cash basis of accounting.

Debt

At December 31, 2006, the District had no outstanding long-term debt.

**Current Financial Related Activities**

East Holmes Fire & EMS District is strong financially. As the preceding information shows, the District heavily depends on its taxpayers. However, financially the future is not without challenges.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Ervin Yoder, Fiscal Officer, East Holmes Fire & EMS District, Holmes County, 5257 County Road 77, Berlin, Ohio 44610.

EAST HOLMES FIRE AND EMS DISTRICT  
HOLMES COUNTY, OHIO  
STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006

|                      | Governmental<br>Activities |
|----------------------|----------------------------|
| <b>Assets</b>        |                            |
| Cash and investments | \$ 912,842                 |
| Total Assets         | \$ 912,842                 |
| <b>Net Assets</b>    |                            |
| Unrestricted         | \$ 912,842                 |
| Total Net Assets     | \$ 912,842                 |

See accompanying notes to the financial statements

EAST HOLMES FIRE AND EMS DISTRICT  
HOLMES COUNTY, OHIO  
STATEMENT OF ACTIVITIES - CASH BASIS  
For the Year Ended December 31, 2006

|   |            |
|---|------------|
| Disbursements:  |            |
| General Government  | \$ 94,617  |
| Public Safety   | 171,684    |
| Capital Outlay  | 89,725     |
| Total program disbursements                                   | 356,026    |
|   |            |
| Program receipts:   |            |
| Charges for services  | 29,645     |
| Net program disbursements                                     | 326,381    |
| General receipts:   |            |
| Property taxes  | 425,845    |
| Grants and Entitlements not Restricted<br>to specific program | 31,968     |
| Earnings on investments                                       | 26,833     |
| Miscellaneous   | 14,016     |
| Total general receipts  | 498,662    |
| Increase in net assets  | 172,281    |
| Net assets - beginning of the year                            | 740,561    |
| Net assets - end of the year                                  | \$ 912,842 |

See accompanying notes to the financial statements



EAST HOLMES FIRE AND EMS DISTRICT  
HOLMES COUNTY, OHIO  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

|                                      | <u>Budgeted Amounts</u> |                  | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive/<br/>(Negative)</u> |
|--------------------------------------|-------------------------|------------------|-------------------|--|
|                                      | <u>Original</u>         | <u>Final</u>     |                   |  |
| Receipts                             |                         |                  |                   |  |
| Property and Other Local Taxes       | \$ 384,700              | \$ 384,700       | \$ 425,845        | \$ 41,145  |
| Charges for Services                 | 35,000                  | 35,000           | 29,595            | (5,405)  |
| Licenses, Permits and Fees           | 150                     | 150              | 50                | (100)  |
| Intergovernmental                    | 36,000                  | 36,000           | 31,968            | (4,032)  |
| Earnings on Investments              | 10,000                  | 10,000           | 26,833            | 16,833   |
| Miscellaneous                        | 2,500                   | 2,500            | 14,016            | 11,516   |
| Total Receipts                       | <u>468,350</u>          | <u>468,350</u>   | <u>528,307</u>    | <u>59,957</u>  |
| Disbursements                        |                         |                  |                   |  |
| Current:                             |                         |                  |                   |  |
| General Government                   | 192,000                 | 192,000          | 94,617            | 97,383   |
| Public Safety                        | 321,229                 | 321,229          | 185,409           | 135,820  |
| Capital Outlay                       | 600,000                 | 600,000          | 114,225           | 485,775  |
| Total Disbursements                  | <u>1,113,229</u>        | <u>1,113,229</u> | <u>394,251</u>    | <u>718,978</u>   |
| Receipts Over (Under) Disbursements  | (644,879)               | (644,879)        | 134,056           | 778,935  |
| Fund Balance Beginning of Year       | 727,561                 | 727,561          | 727,561           | -  |
| Prior Year Encumbrances Appropriated | <u>13,000</u>           | <u>13,000</u>    | <u>13,000</u>     | <u>-</u>   |
| Fund Balance End of Year             | <u>\$ 95,682</u>        | <u>\$ 95,682</u> | <u>\$ 874,617</u> | <u>\$ 778,935</u>  |

See accompanying notes to the financial statements

EAST HOLMES FIRE AND EMS DISTRICT  
HOLMES COUNTY, OHIO  
STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005

|                      |                   |
|----------------------|-------------------|
| <b>Assets</b>        |                   |
| Cash and Investments | \$ 740,561        |
| Total Assets         | <u>\$ 740,561</u> |
| <b>Net Assets</b>    |                   |
| Unrestricted         | \$ 740,561        |
| Total Net Assets     | <u>\$ 740,561</u> |

See accompanying notes to the financial statements

EAST HOLMES FIRE AND EMS DISTRICT  
HOLMES COUNTY, OHIO  
STATEMENT OF ACTIVITIES - CASH BASIS  
For the Year Ended December 31, 2005

|  |                   |
|--|-------------------|
| Disbursements:   |                   |
| General Government   | \$ 89,526         |
| Public Safety  | 149,474           |
| Capital Outlay   | 93,247            |
| Total program disbursements                                    | <u>332,247</u>    |
|  |                   |
| Program receipts:  |                   |
| Charges for services   | <u>40,346</u>     |
| Net program disbursements                                      | <u>291,901</u>    |
| General receipts:  |                   |
| Property taxes   | 401,678           |
| Grants and Entitlements not Restricted<br>to specific programs | 36,608            |
| Earnings on investments  | 10,875            |
| Miscellaneous  | 28,155            |
| Total general receipts   | <u>477,316</u>    |
| Increase in net assets   | 185,415           |
| Net assets - beginning of the year                             | <u>555,146</u>    |
| Net assets - end of the year                                   | <u>\$ 740,561</u> |

See accompanying notes to the financial statements

EAST HOLMES FIRE AND EMS DISTRICT  
HOLMES COUNTY, OHIO  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

|                                      | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive/<br/>(Negative)</u> |
|--------------------------------------|-------------------------|-------------------|-------------------|--|
|                                      | <u>Original</u>         | <u>Final</u>      |                   |  |
| Receipts                             |                         |                   |                   |  |
| Property and Other Local Taxes       | \$ 376,700              | \$ 376,700        | \$ 401,678        | \$ 24,978  |
| Charges for Services                 | 30,000                  | 30,000            | 40,246            | 10,246   |
| Licenses, Permits and Fees           | 150                     | 150               | 100               | (50)   |
| Intergovernmental                    | 32,600                  | 32,600            | 36,608            | 4,008  |
| Earnings on Investments              | 6,500                   | 6,500             | 10,875            | 4,375  |
| Miscellaneous                        | 15,000                  | 15,000            | 28,155            | 13,155   |
| Total Receipts                       | <u>460,950</u>          | <u>460,950</u>    | <u>517,662</u>    | <u>56,712</u>  |
| Disbursements                        |                         |                   |                   |  |
| Current:                             |                         |                   |                   |  |
| General Government                   | 179,500                 | 179,500           | 89,526            | 89,974   |
| Public Safety                        | 252,500                 | 253,454           | 162,601           | 90,853   |
| Capital Outlay                       | 477,500                 | 477,500           | 93,247            | 384,253  |
| Total Disbursements                  | <u>909,500</u>          | <u>910,454</u>    | <u>345,374</u>    | <u>565,080</u>   |
| Receipts Over (Under) Disbursements  | (448,550)               | (449,504)         | 172,288           | 621,792  |
| Fund Balance Beginning of Year       | 554,319                 | 554,319           | 554,319           | -  |
| Prior Year Encumbrances Appropriated | <u>954</u>              | <u>954</u>        | <u>954</u>        | <u>-</u>   |
| Fund Balance End of Year             | <u>\$ 106,723</u>       | <u>\$ 105,769</u> | <u>\$ 727,561</u> | <u>\$ 621,792</u>  |

See accompanying notes to the financial statements

**Note 1 – Reporting Entity**

The East Holmes Fire & EMS District, Holmes County, Ohio (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed five-member Board of Trustees. One board member is appointed by each of the four political subdivisions within the District. The fifth board member is a member at large whose appointment is made by an individual subdivision within the District on a two-year rotational basis. The District also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides fire protection, and EMS (Emergency Medical Assistance) services within the District and by contract to areas outside the District.

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**

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The District does not apply FASB statements issued after November 30, 1989, to its governmental activities. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

The District's basic financial statements consist of a statement of net assets and a statement of activities.

**Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The District has no business-type activities.

The statement of net assets presents the cash and investment balance of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for the District's activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The

East Holmes Fire & EMS District, Holmes County  
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comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

#### B. Fund Accounting

The District uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The District has one fund and it is included in the governmental category.

#### Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District reports all activity in one fund, the general fund. The General Fund balance is available to the District for any purpose provided it is expended according to the general laws of Ohio.

#### C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

#### D. Budgetary Process

The general fund is legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriation resolution is the District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the department level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the District.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

#### E. Cash and Investments

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005 and 2006, the District invested in nonnegotiable certificates of deposit. The non-negotiable certificates of deposit are reported at cost.

Interest receipts credited to the General Fund were \$10,875 during 2005 and \$26,833 during 2006.

#### F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

#### G. Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

#### H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

#### J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

#### K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits. Beyond annual contributions, pensions are the liability of the State or Federal Programs and are not liabilities of the District.

#### L. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at

inception. Lease payments are reported when paid. The District had no such transactions in 2005 or 2006.

#### M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All net assets of the District are unrestricted.

#### **Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$13,000 for the General Fund in 2005 and \$38,225 in 2006.

#### **Note 4 – Deposits and Investments**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the District treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the District has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



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3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At December 31, 2006 and 2005, the carrying amount of the Township's deposits was \$912,842 and \$740,561, respectively, as compared to bank balances of \$941,370 and \$746,562, respectively. Of the bank balances at December 31, 2006 and 2005, \$100,000 for both years was on deposit and covered by federal depository insurance and in 2006 and 2005, respectively \$841,370 and \$646,562 were collateralized by a pool of securities maintained by the Township's financial institution but not in the Township's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

As of December 31, 2005 and 2006, the District had no investments.

#### **Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State

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statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all District operations for the years ended December 31, 2006 and 2005, was \$2 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

|                              | <u>Year Ended</u><br><u>December 31, 2006</u> | <u>Year Ended</u><br><u>December 31, 2005</u> |
|------------------------------|---|---|
| Real Property                |   |   |
| Residential and Agricultural | \$ 148,773,180                                | \$ 145,031,200                                |
| Other                        | 54,161,230                                    | 50,138,190                                    |
| Tangible                     |   |   |
| Public Utility               | 3,565,920                                     | 3,640,720                                     |
| Personal Property            | 35,247,420                                    | 46,666,910                                    |
| Total Assessed Value         | <u>\$ 241,747,750</u>                         | <u>\$ 245,477,020</u>                         |

**Note 6 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 and 2006, the District contracted with PEP Service Center as their broker for the following coverage with the respective companies listed below:

| <u>Type</u>                 | <u>Amount</u>       | <u>Limit</u>          | <u>Company</u>              |
|-----------------------------|---------------------|-----------------------|-----------------------------|
| <b>Legal Liability</b>      | <b>\$ 2,000,000</b> | <b>Per Occurrence</b> | <b>Public Entities Pool</b> |
| <b>Automobile Liability</b> | <b>\$ 2,000,000</b> | <b>Per Occurrence</b> | <b>Public Entities Pool</b> |
| <b>Wrongful Acts</b>        | <b>\$ 2,000,000</b> | <b>Per Occurrence</b> | <b>Public Entities Pool</b> |

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

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Risk Pool Membership

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 insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed members’ deductibles.

*Casualty Coverage*

PEP retains casualty risks up to \$250,000 per occurrence, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000, from General Reinsurance Corporation.

If losses exhaust PEP’s retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

*Property Coverage*

On January 1, 2005, APEEP began administering a risk-sharing property program. Under the new program, St. Paul Travelers will reinsure specific losses in excess of \$250,000 up to \$600,000,000 per occurrence. APEEP will reinsure members for specific losses in excess of \$100,000 up to \$250,000 per occurrence, subject to annual aggregate loss payment. St. Paul Travelers provides aggregate stop-loss coverage based upon the combined Members’ Total Insurable Value (TIV). If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, St. Paul Travelers will then reinsure specific losses in excess of \$100,000 up to their \$600,000,000 per occurrence limit.

The aforementioned casualty and property reinsurance agreements do 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 to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 (latest information available).

|                   | <u>2006</u>          | <u>2005</u>         |
|-------------------|----------------------|---------------------|
| Casualty Coverage |                      |                     |
| Assets            | \$ 30,997,868        | \$29,719,675        |
| Liabilities       | (15,875,741)         | (15,994,168)        |
| Net Assets        | <u>\$ 15,122,127</u> | <u>\$13,725,507</u> |

|                   | <u>2006</u>         | <u>2005</u>        |
|-------------------|---------------------|--------------------|
| Property Coverage |                     |                    |
| Assets            | \$ 5,125,326        | \$4,443,332        |
| Liabilities       | (863,163)           | (1,068,245)        |
| Net Assets        | <u>\$ 4,262,163</u> | <u>\$3,375,087</u> |

**Note 7 – Defined Benefit Pension Plan**

***Plan Description***

The District contributes to the Ohio Public Employees Retirement System (OPERS), a cost sharing, multiple-employer public employee retirement system. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries through three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under this plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings; and the Combined Plan – a cost-sharing multiple-employer defined benefit pension plan. Under this plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. Chapter 145 of the Ohio Revised Code assigns the Council to establish and amend benefit provisions to the OPERS board of trustees (Board). OPERS issues a stand-alone financial report that includes the financial statements. That report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-466-2085 or 1-800-222-PERS (7377).

***Funding Policy***

Plan members are required to contribute a percentage of their annual covered salary (9% in 2006 and 8.5% in 2005), and the Council is required to contribute an actuarially determined rate. The employer contribution rate for 2006 was 13.7%, 13.55% for 2005 and 2004 of annual covered payroll. The contribution requirements of plan members and the Council are established and may be amended by the Board. The Council's contributions to OPERS for the years ending December 31, 2006, 2005, and 2004 \$1,891, \$1,870, and \$1,870, respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount billed to each employer.

**Note 8 - Postemployment Benefits**

OPERS also provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. As required by state statute, a portion of each employer's contribution to OPERS (see note 7) is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory Council for employer contributions. The contribution rates of 13.7% and 13.55% to the Plan for the years ended December 31, 2006 and 2005, respectively included a portion (4.5% in 2006 and 4% in 2005) that was used to fund healthcare. The Council's contributions for post-employment benefits were approximately \$621 and \$552 for the years ended December 31, 2006 and 2005, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

The Ohio Revised Code provides the statutory Council requiring public employers to fund postretirement health care through their contributions to OPERS.

***Summary of assumptions***

*Actuarial Review* – The assumptions and calculations below were based on the System’s latest Actuarial Review performed as of December 31, 2005.

*Funding Method* – The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

*Assets Valuation Method* – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of the unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

*Investment Return* – The investment assumption rate for 2005 was 6.5%.

*Active Employee Total Payroll* – An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%.

*Health Care* – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4.0% (the projected wage inflation rate).

OPEBs are advanced funded on an actuarially determined basis. The number of active contributing participants in the Traditional Pension Plan and Combined Plans at December 31, 2005 was 369,214. The actuarial value of the Retirement System’s net assets available for OPEB at December 31, 2005 was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability at December 31, 2005, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

**Note 9 - Debt**

The District had no long-term or short-term debt for the years ended December 31, 2005 and 2006.

**Note 10 – Change in Basis of Accounting**

Last year the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Township has implemented the cash basis of accounting described in note 2.

**Note 11 – Contingent Liabilities/ Subsequent Events**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Management believes there are no pending claims or lawsuits.

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

East Holmes Fire & EMS District  
Holmes County  
5257 County Road 77  
Berlin, Ohio 44610

To the Board of Trustees:

We have audited the financial statements of East Holmes Fire & EMS District (the District) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 25, 2007, wherein we noted the District followed the cash basis of accounting, a comprehensive accounting basis other 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion 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 the normal course of 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 a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the District in a separate letter dated June 25, 2007.

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

***Charles E. Harris & Associates, Inc.***

June 25, 2007

## **STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, for the years ending December 31, 2004 and 2003, reported no material citations or recommendations.





**Mary Taylor, CPA**  
Auditor of State

**EAST HOLMES FIRE & EMS DISTRICT**

**HOLMES COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 4, 2007**