



Mary Taylor, CPA  
Auditor of State



**LOWELL-ADAMS JOINT FIRE DISTRICT  
WASHINGTON COUNTY**

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Mary Taylor, CPA  
Auditor of State

Lowell-Adams Joint Fire District  
Washington County  
307 Fourth Street  
Lowell, Ohio 45744

To the Board of Trustees:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 19, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Lowell-Adams Joint Fire District  
Washington County  
307 Fourth Street  
Lowell, Ohio 45744

To the Board of Trustees:

We have audited the accompanying financial statement of Lowell-Adams Joint Fire District, Washington County, Ohio (the District), as of and for the years ended December 31, 2008 and 2007. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended December 31, 2008 and 2007 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of Lowell-Adams Joint Fire District, Washington County, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Mary Taylor, CPA**  
Auditor of State

May 19, 2009



**LOWELL-ADAMS JOINT FIRE DISTRICT  
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>Cash Receipts:</b>		
Local Taxes	\$ 25,380	\$ 27,145
Intergovernmental	7,610	10,199
Charges for Services	600	600
Earnings on Investments	86	159
Miscellaneous	411	649
	34,087	38,752
<b>Total Cash Receipts</b>	<b>34,087</b>	<b>38,752</b>
<b>Cash Disbursements:</b>		
Current:		
Public Safety	12,841	12,360
General Government	18,911	19,373
Capital Outlay	11,864	2,345
	43,616	34,078
<b>Total Cash Disbursements</b>	<b>43,616</b>	<b>34,078</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(9,529)	4,674
Cash Balance, January 1	38,826	34,152
<b>Cash Balance, December 31</b>	<b>\$ 29,297</b>	<b>\$ 38,826</b>

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

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**LOWELL-ADAMS JOINT FIRE DISTRICT  
WASHINGTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Lowell-Adams Joint Fire District, Washington County (the District), as a body corporate and politic. A three member board governs the District. One member is appointed by each political subdivision within the District. Those subdivisions are Adams Township and the Village of Lowell, and one is chosen by these two representatives. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

**B. Accounting Basis**

This financial statement follows 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Budgetary Process**

The Ohio Revised Code requires the District to budget annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**LOWELL-ADAMS JOINT FIRE DISTRICT  
WASHINGTON COUNTY**

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

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

**D. Property, Plant, and Equipment**

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

**2. DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2008	2007
Demand deposits	\$29,297	\$38,826

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

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

Budgeted vs. Actual Receipts			
Year	Budgeted Receipts	Actual Receipts	Variance
2008	\$38,753	\$34,087	(\$4,666)
2007	\$37,558	\$38,752	\$1,194

Budgeted vs. Actual Budgetary Basis Expenditures			
Year	Appropriation Authority	Budgetary Expenditures	Variance
2008	\$70,000	\$43,616	\$26,384
2007	\$64,450	\$34,078	\$30,372

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statement includes homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

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

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

**LOWELL-ADAMS JOINT FIRE DISTRICT  
WASHINGTON COUNTY**

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

**5. RETIREMENT SYSTEM**

The District's employee belongs to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2008 and 2007, the District's OPERS member contributed 10 and 9.5%, respectively, of gross salary, and the District contributed an amount equaling 14 and 13.85%, respectively, of the participant's gross salary. The District has paid all contributions required through December 31, 2008.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Lowell-Adams Joint Fire District  
Washington County  
307 Fourth Street  
Lowell, Ohio 45744

To the Board of Trustees:

We have audited the financial statement of Lowell-Adams Joint Fire District, Washington County, Ohio (the District), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 19, 2009, wherein we noted the District prepared its financial statement using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statement, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated May 19, 2009.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated May 19, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

May 19, 2009



**LOWELL-ADAMS JOINT FIRE DISTRICT  
WASHINGTON COUNTY**

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

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

**FINDING NUMBER 2008-001**

**Significant Deficiency**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The Fiscal Officer did not enter the estimated receipts or keep running totals in the receipts ledger for 2008.

The estimated receipts on the budget versus actual statement in the annual report did not agree to the amended certificates in both 2007 and 2008, and the appropriations on the budget versus actual statement in the annual report did not agree to the Board approved supplemental appropriations in 2008 as follows:

Year	Estimated Receipts Per Annual Report	Estimated Receipts per Amended Certificate	Variance
2007	\$ 30,729	\$ 37,558	\$ (6,829)
2008	33,864	38,753	(4,889)

Year	Appropriations per Annual Report	Appropriations per Board Approval	Variance
2008	\$ 77,579	\$ 70,000	\$ 7,579

In addition, at December 31, 2007, appropriations as approved by the Board of Trustees did not agree to the District's appropriation ledger and related financial presentations at the legal level of control for the following accounts:

Account Code	Appropriations Per Board of Trustees	Amounts Per District Ledger	Variance
1-B-7	\$ 11,892	\$ 12,142	\$ (250)
1-C-2	7,973	6,000	1,973

LOWELL-ADAMS JOINT FIRE DISTRICT  
WASHINGTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2008-001  
(Continued)

**Significant Deficiency (Continued)**

Due to budgetary information being improperly entered into the annual financial report and ledgers, the management of the District was not able to effectively monitor and report its budgetary vs. actual status throughout the year.

We recommend the Fiscal Officer accurately post estimated receipts and appropriations as reflected in the amended certificates and Board approved appropriation measures into the ledgers and annual report of the District. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**Officials' Response:** We did not receive a response from Officials to this finding.

**LOWELL-ADAMS JOINT FIRE DISTRICT  
WASHINGTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Ohio Admin Code Section 117-2-02(C)(1) – Estimated receipts were not entered into the receipts ledger during 2006. In addition, estimated receipts on the budget versus actual statement in the annual report did not agree to the amended certificates in 2006 and 2005.	No	Not Corrected; repeated as a Significant Deficiency in Finding Number 2008-001.





**Mary Taylor, CPA**  
Auditor of State

**LOWELL-ADAMS JOINT FIRE DISTRICT**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 25, 2009**