



Mary Taylor, CPA
Auditor of State

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

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Mary Taylor, CPA
Auditor of State

Northern Hardin County Fire District
Hardin County
121 South Buckeye Street
Dunkirk, Ohio 45836

To the Board of Trustees:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 31, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Northern Hardin County Fire District
Hardin County
121 South Buckeye Street
Dunkirk, Ohio 45836

To the Board of Trustees:

We have audited the accompanying financial statements of the Northern Hardin County Fire District, Hardin County (the District), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Northern Hardin County Fire District, Hardin County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

March 31, 2010

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$39,943			\$39,943
Intergovernmental	19,652			19,652
Local Grants	2,456			2,456
Charges for Services	777			777
Earnings on Investments	113		\$393	506
Miscellaneous	1,670			1,670
Total Cash Receipts	<u>64,611</u>		<u>393</u>	<u>65,004</u>
Cash Disbursements:				
Current:				
Advertisement	24			24
Audit Expense	594			594
Bureau Workers Compensation	491			491
Dependents' Fund	180			180
Dues	75			75
Education Material	663			663
Equipment	7,199			7,199
Fuel	1,108			1,108
Grant Expenses	14,983			14,983
Insurance	7,466			7,466
Internet Service	412			412
Miscellaneous	1,818			1,818
Office Supplies	340			340
Postage	124			124
Repairs and Maintenance	5,075			5,075
Salaries, Retirement, & Taxes	3,578			3,578
Shop Supplies	1,395			1,395
Training	1,380			1,380
Truck Repairs	6,999			6,999
Utilities	2,382			2,382
Debt Service:				
Redemption of Principal		\$5,700		5,700
Interest		1,853		1,853
Total Disbursements	<u>56,286</u>	<u>7,553</u>		<u>63,839</u>
Total Receipts Over/(Under) Disbursements	<u>8,325</u>	<u>(7,553)</u>	<u>393</u>	<u>1,165</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		7,553		7,553
Transfers-Out	<u>(7,553)</u>			<u>(7,553)</u>
Total Other Financing Receipts/(Disbursements)	<u>(7,553)</u>	<u>7,553</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	772		393	1,165
Fund Cash Balances, January 1	<u>32,602</u>		<u>17,580</u>	<u>50,182</u>
Fund Cash Balances, December 31	<u>\$33,374</u>	<u>\$0</u>	<u>\$17,973</u>	<u>\$51,347</u>

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

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$43,207			\$43,207
Intergovernmental	5,208			5,208
Charges for Services	3,678			3,678
Local Grants	2,000			2,000
Earnings on Investments	199		\$448	647
Miscellaneous	250			250
Total Cash Receipts	<u>54,542</u>		<u>448</u>	<u>54,990</u>
Cash Disbursements:				
Current:				
Advertisement	18			18
Audit Expense	2,502			2,502
Bureau Workers Compensation	496			496
Computer/Software	333			333
Dependents' Fund	90			90
Dues	75			75
Education Material	638			638
Equipment	5,703			5,703
Fuel	1,338			1,338
Grant Expenses	1,982			1,982
Insurance	7,415			7,415
Miscellaneous	1,355			1,355
Office Supplies	325			325
Postage	153			153
Repairs and Maintenance	3,393			3,393
Salaries, Retirement, & Taxes	3,551			3,551
Shop Supplies	363			363
Training	1,322			1,322
Truck Repairs	6,069			6,069
Utilities	2,999			2,999
Debt Service:				
Redemption of Principal		\$5,700		5,700
Interest		2,138		2,138
Total Disbursements	<u>40,120</u>	<u>7,838</u>		<u>47,958</u>
Total Receipts Over/(Under) Disbursements	<u>14,422</u>	<u>(7,838)</u>	<u>448</u>	<u>7,032</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		7,838	10,000	17,838
Transfers-Out	<u>(17,838)</u>			<u>(17,838)</u>
Total Other Financing Receipts/(Disbursements)	<u>(17,838)</u>	<u>7,838</u>	<u>10,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,416)		10,448	7,032
Fund Cash Balances, January 1	<u>36,018</u>		<u>7,132</u>	<u>43,150</u>
Fund Cash Balances, December 31	<u>\$32,602</u>	<u>\$0</u>	<u>\$17,580</u>	<u>\$50,182</u>

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

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Northern Hardin County Fire District, Hardin County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. These subdivisions are the Village of Dunkirk, Blanchard Township, and Washington Township. The District provides fire protection and rescue 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.

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 values certificates of deposits at cost.

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 types:

1. General Fund

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

2. Debt Service Funds

These funds account for resources the District accumulates to pay bond and note debt. The District had the following Debt Service Fund:

Bond Retirement Fund – The fund was established by the District to account for transfers from the General Fund to pay for the debt service on the fire truck bond.

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following capital project fund:

Truck Fund – The fund receives transfers from the General Fund which are to be used for future purchases of fire trucks.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

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 re-appropriated.

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

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$33,374	\$32,602
Certificates of deposit	17,973	17,580
Total deposits	<u>\$51,347</u>	<u>\$50,182</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

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

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,484	\$64,611	\$ 7,127
Debt Service		7,553	7,553
Capital Projects		393	393
Total	<u>\$57,484</u>	<u>\$72,557</u>	<u>\$15,073</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,484	\$63,839	\$3,645
Debt Service	7,553	7,553	
Capital Projects			
Total	<u>\$75,037</u>	<u>\$71,392</u>	<u>\$3,645</u>

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,971	\$54,542	\$6,571
Debt Service		7,838	7,838
Capital Projects		10,448	10,448
Total	<u>\$47,971</u>	<u>\$72,828</u>	<u>\$24,857</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,332	\$57,958	\$4,374
Debt Service	7,838	7,838	
Capital Projects			
Total	<u>\$70,170</u>	<u>\$65,796</u>	<u>\$4,374</u>

4. PROPERTY TAX

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

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

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

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

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$34,200	5%

The District issued general obligation bond to finance the purchase of a new fire truck. The bonds were issued on August 18, 2004 in the amount of \$57,000, with a maturity date of April 1, 2004.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2009	\$ 7,268
2010	6,982
2011	6,698
2012	6,412
2013	6,128
2014	5,842
Total	\$39,330

6. RETIREMENT SYSTEMS

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

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

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

Northern Hardin County Fire District
Hardin County
121 South Buckeye Street
Dunkirk, Ohio 45836

To the Board of Trustees:

We have audited the financial statements of the Northern Hardin County Fire District, Hardin County (the District), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 31, 2010, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated March 31, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 March 31, 2010.

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

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

Mary Taylor, CPA
Auditor of State

March 31, 2010

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN 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; Explain
2006-001	Format of annual financial statements and presentation of activity	No	Similar comment reported in separate letter to management.
2006-002	Ohio Rev. Code Section 5705.09(F) – Establishment of a Special Revenue Fund for FEMA grant monies	Yes	Finding not valid during audit period – the District did not receive FEMA money
2006-003	Ohio Rev. Code Section 5705.09(C) and Northern Hardin County Fire District Bond, dated August 18, 2005, Section F(2) - Establishment of a Bond Retirement Fund	Yes	
2006-004	Ohio Rev. Code Section 5705.36(A)(2) – Allows subdivision to obtain an increased amended certificate / ORC Sect. 5705.36(A)(3) – Requires an increase certificate if excess funds will be appropriated / ORC Sect. 5705.40 – allows a subdivision to pass supplemental appropriations	No	Similar comment reported in separate letter to management.
2006-005	Ohio Rev. Code Section 5705.38(A) – Passage of the permanent appropriation measure	Yes	



Mary Taylor, CPA
Auditor of State

NORTHERN HARDIN COUNTY FIRE 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
MAY 18, 2010**