



Mary Taylor, CPA
Auditor of State

HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY

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Mary Taylor, CPA
Auditor of State

Highland County North Joint Fire and Ambulance District
Highland County
200 South Street
Leesburg, Ohio 45135

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 township 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

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March 11, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Highland County North Joint Fire and Ambulance District
Highland County
200 South Street
Leesburg, Ohio 45135

To the Board of Trustees:

We have audited the accompanying financial statements of Highland County North Joint Fire and Ambulance District, Highland County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008. 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. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 fire 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, 2009 and 2008 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, 2009 and 2008, 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 Highland County North Joint Fire and Ambulance District, Highland County, as of December 31, 2009 and 2008, 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 11, 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.



Mary Taylor, CPA
Auditor of State

March 11, 2010

**HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Local Taxes	\$161,073		\$76,280	\$237,353
Charges For Services	4,500	\$93,076		97,576
Intergovernmental	51,558	6,752	11,031	69,341
Earnings on Investments	9,272			9,272
Miscellaneous	25,248		977	26,225
	<u>251,651</u>	<u>99,828</u>	<u>88,288</u>	<u>439,767</u>
Cash Disbursements:				
Current:				
Public Safety	171,377	130,697		302,074
Capital Outlay	45,072			45,072
Debt Service:				
Redemption of Principal	15,024		40,000	55,024
Interest and Fiscal Charges	6,921		36,663	43,584
Other			2,485	2,485
	<u>238,394</u>	<u>130,697</u>	<u>79,148</u>	<u>448,239</u>
Total Receipts Over/(Under) Disbursements	<u>13,257</u>	<u>(30,869)</u>	<u>9,140</u>	<u>(8,472)</u>
Fund Cash Balances, January 1	<u>322,687</u>	<u>127,948</u>	<u>78,795</u>	<u>529,430</u>
Fund Cash Balances, December 31	<u>\$335,944</u>	<u>\$97,079</u>	<u>\$87,935</u>	<u>\$520,958</u>
Reserve for Encumbrances, December 31	<u>\$395</u>	<u>\$1,004</u>	<u>\$0</u>	<u>\$1,399</u>

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

**HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Local Taxes	\$177,580		\$83,852	\$261,432
Charges for Services	4,500	\$27,893		32,393
Intergovernmental	42,880		10,668	53,548
Earnings on Investments	19,910			19,910
Miscellaneous	21,541		2,752	24,293
Total Cash Receipts	<u>266,411</u>	<u>27,893</u>	<u>97,272</u>	<u>391,576</u>
Cash Disbursements:				
Current:				
Public Safety	224,749	1,776		226,525
Capital Outlay	28,951			28,951
Debt Service:				
Redemption of Principal	14,329		40,000	54,329
Interest and Fiscal Charges	7,616		38,343	45,959
Other			2,976	2,976
Total Cash Disbursements	<u>275,645</u>	<u>1,776</u>	<u>81,319</u>	<u>358,740</u>
Total Receipts Over/(Under) Disbursements	<u>(9,234)</u>	<u>26,117</u>	<u>15,953</u>	<u>32,836</u>
Fund Cash Balances, January 1	<u>331,921</u>	<u>101,831</u>	<u>62,842</u>	<u>496,594</u>
Fund Cash Balances, December 31	<u>\$322,687</u>	<u>\$127,948</u>	<u>\$78,795</u>	<u>\$529,430</u>
Reserve for Encumbrances, December 31	<u>\$748</u>	<u>\$0</u>	<u>\$0</u>	<u>\$748</u>

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

**HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Highland County North Joint Fire and Ambulance District, Highland County, Ohio (the District), as a body corporate and politic. A seven-member Board of Trustees governs the District. Each of the political subdivisions within the District appoints one member. Those subdivisions are the Village of Leesburg, Village of Highland, and Fairfield Township. Four at large members are appointed by the majority of the three members of the District. The District provides fire protection and emergency rescue services within the District and contracts 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. Cash and Deposits

The District deposits all available funds in an interest earning checking account, certificates of deposit, and passbook type money market accounts at a local commercial bank. All deposits are valued 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. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

**HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Ambulance and Emergency Medical Services Fund - This fund receives the charges for the use of ambulance or emergency medical services for the payment of the costs of the management, maintenance, and operation of ambulance and emergency medical services in the District.

3. Debt Service Fund

This fund accounts for resources the District accumulates to pay bond debt.

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, function or 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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 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.

G. Accumulated Leave

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

**HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Cash

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

	2009	2008
Demand deposits	\$61,820	\$33,533
Money market	230,934	171,501
Certificates of deposit	228,204	324,396
Total deposits	\$520,958	\$529,430

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by a Federal Home Loan Bank letter of credit.

3. Budgetary Activity

Budgetary activity for the years ending *December 31*, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$267,177	\$251,651	(\$15,526)
Special Revenue	50,000	99,828	49,828
Debt Service	98,735	88,288	(10,447)
Total	\$415,912	\$439,767	\$23,855

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$255,748	\$238,789	\$16,959
Special Revenue	129,345	131,701	(2,356)
Debt Service	83,200	79,148	4,052
Total	\$468,293	\$449,638	\$18,655

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$265,162	\$266,411	\$1,249
Special Revenue	33,000	27,893	(5,107)
Debt Service	98,522	97,272	(1,250)
Total	\$396,684	\$391,576	(\$5,108)

**HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$280,222	\$276,393	\$3,829
Special Revenue	1,776	1,776	0
Debt Service	83,053	81,319	1,734
Total	\$365,051	\$359,488	\$5,563

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.

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Fire and Ambulance Station Bonds	\$765,000	4.25% - 4.75%
Fire Truck Lease Purchase Agreement	127,675	4.85%
Total	\$892,675	

The fire and ambulance station bonds are general obligation bonds issued in 2006 to pay the bond anticipation note originally issued in 2003 to finance the construction of a new fire and ambulance building.

The lease purchase agreement was entered into in 2006 for a new fire truck. Payments are due yearly for 10 years.

**HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt (Continued)

Amortization of the lease is scheduled as follows:

Year ending December 31:	Fire and Ambulance Station Bonds	Fire Truck Lease/Purchase Agreement
2010	\$74,963	\$21,945
2011	73,263	21,945
2012	76,563	21,945
2013	74,650	21,945
2014	77,738	21,945
2015-2019	378,450	43,891
2020-2023	302,538	
Total	<u>\$1,058,165</u>	<u>\$153,616</u>

6. Retirement Systems

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

Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, the OPERS member contributed 10% of his gross salary and the District contributed an amount equaling 14% of the participant's gross salary. The District has paid all contributions required through December 31, 2009.

7. 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*

Highland County North Joint Fire and Ambulance District
Highland County
200 South Street
Leesburg, Ohio 45135

To the Board of Trustees:

We have audited the financial statements of Highland County North Joint Fire and Ambulance District, Highland County, Ohio (the District), as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated March 11, 2010, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Audit of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 11, 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 11, 2010.

We intend this report solely for the information and use of the 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 11, 2010

**HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Revised Code 505.371(C) (3) separate fund to be established for EMS	Yes	
2007-002	Ohio Revised Code 505.376 bidding procedures not followed for purchase of ambulance	Yes	
2007-003	Ohio Revised Code 5705.41(D) prior certification of expenditures not always obtained and unrecorded encumbrances at year end	Partially Corrected	Reported in management letter
2007-004	Ohio Admin. Code Section 117-2-01(D) numerous posting errors	Partially Corrected	Reported in management letter
2007-005	Monitoring controls over company hired for EMS billing / no SAS 70	Yes	



Mary Taylor, CPA
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HIGHLAND COUNTY NORTH JOINT FIRE AND AMBULANCE DISTRICT

HIGHLAND 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
APRIL 1, 2010**