

WALHONDING VALLEY FIRE DISTRICT
COSHOCTON COUNTY, OHIO

A & A
REGULAR AUDIT
For The Years

Ended December 31, 2009-2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Walhonding Valley Fire District
19849 District Road 383
Walhonding, Ohio 43843-9785

We have reviewed the *Independent Accountants' Report* of the Walhonding Valley Fire District, Coshocton County, prepared by Alger and Associates, LLC, for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Walhonding Valley Fire District is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

May 4, 2010

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**WALHONDING VALLEY FIRE DISTRICT
COSHOCOTON COUNTY**

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ALGER & ASSOCIATES, LLC

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Walhonding Valley Fire District
Coshocton County
19849 District Road 383
Walhonding, OH 43843-9785

To the Board of Trustees:

We have audited the accompanying financial statements of Walhonding Valley Fire District, Coshocton County, (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. 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, 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.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Walhonding Valley Fire District, Coshocton 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 April 15, 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.

Alger & Associates, LLC
April 15, 2010

**WALHONDING VALLEY FIRE DISTRICT
COSHOCOTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General Fund</u>
Cash Receipts:	
Property and Other Local Taxes	\$297,013
Charges for Services	3,310
Intergovernmental	79,722
Earnings on Investments	599
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Total Cash Receipts	380,644
	<hr/>
Cash Disbursements:	
Current:	
Public Safety	226,796
Capital Outlay	84,539
Debt Service:	
Redemption of Principal	51,206
Interest and Other Fiscal Charges	1,409
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Total Cash Disbursements	363,950
	<hr/>
Total Receipts Over Disbursements	16,694
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Fund Cash Balance, January 1	11,748
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Fund Cash Balance, December 31	\$28,442
	<hr/> <hr/>

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

**WALHONDING VALLEY FIRE DISTRICT
COSHOCOTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General Fund</u>
Cash Receipts:	
Property and Other Local Taxes	\$291,617
Intergovernmental	52,147
Earnings on Investments	621
	<hr/>
Total Cash Receipts	344,385
	<hr/>
Cash Disbursements:	
Current:	
Public Safety	201,719
Capital Outlay	8,346
Debt Service:	
Redemption of Principal	165,485
Interest and Other Fiscal Charges	7,527
	<hr/>
Total Cash Disbursements	383,077
	<hr/>
Total Receipts (Under) Disbursements	(38,692)
	<hr/>
Fund Cash Balance, January 1	50,439
	<hr/>
Fund Cash Balance, December 31	<u><u>\$11,747</u></u>

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

**WALHONDING VALLEY FIRE DISTRICT
COSHOCOTON 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 the Walhonding Valley Fire District, Coshocoton County, Ohio, (the District) as a body corporate and politic. The Fire District is directed by an appointed representative of ten political subdivisions consisting of Bedford Township, Bethlehem Township, Clark Township, Jefferson Township, Monroe Township, Newcastle Township, Perry Township, Tiverton Township, Village of Nellie and Village of Warsaw. The Board of Trustees consists of eleven members: one member from each of the aforementioned subdivisions and one member at large whose appointment is made by one individual subdivision within the Fire District on a one-year rotational basis. The principal purpose of the Fire District is to pool the mutual resources and abilities of the member subdivisions and thereby provide adequate and responsible fire protection for the subdivisions. The Fire 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

The District's maintains all cash in an interest bearing checking account.

D. Fund Accounting

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

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.

**WALHONDING VALLEY FIRE DISTRICT
COSHOCTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 canceled, and re-appropriated in the subsequent year.

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.

2. EQUITY IN POOLED CASH

The District maintains a cash pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2009 and 2008 was \$28,442 and \$11,747 respectively.

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

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	\$360,741	\$380,644	\$19,903

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$371,956	\$363,950	\$8,006

**WALHONDING VALLEY FIRE DISTRICT
COSHOCOTON COUNTY**

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

3. BUDGETARY ACTIVITY - (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$324,298	\$344,385	\$20,087

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$391,307	\$383,077	\$8,230

4. NONCOMPLIANCE

Contrary to Ohio Revised Code Section 5705.39, the District did not ensure annual appropriations adopted by the Board of Trustees are reflected in the minutes and subsequently submitted to the County Auditor. (See Finding 2009-001 – Appropriations Exceeded Estimated Resources)

5. 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 Fire 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.

6. DEBT

In November 2009, the District entered into a contract to purchase a new 3,000 gallon tanker from Freedom Fire Equipment for \$190,302 with a down payment of \$75,000. The balance less the \$1,600 discount is \$113,702 due upon delivery in 2010 from a promissory note. The District is currently in the process of negotiating the promissory note for the balance.

**WALHONDING VALLEY FIRE DISTRICT
COSHOCOTON COUNTY**

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

7. RETIREMENT SYSTEMS

A. Public Employees Retirement System

Most District's employees belong to the Ohio Public Employees Retirement System (OPERS). However two Trustees and the Fiscal Officer elected to contribute to social security in lieu of PERS. 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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of the participants' gross salaries. The District has paid all contributions required through December 31, 2009.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by Ohio Public Employees Retirement System have an option to choose Social Security. As of December 31, 2009, all of the District employee not covered by Ohio Public Employees Retirement System have elected Social Security.

8. RISK MANAGEMENT

Commercial Insurance

The Fire District has obtained commercial insurance for the following risks:

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

There has been no reduction in coverage and claims have not exceeded coverage.



ALGER & ASSOCIATES, LLC

Certified Public Accountants

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

Walhonding Valley Fire District
Coshocton County
19849 District Road 383
Walhonding, OH 43843-9785

To the Board of Trustees:

We have audited the financial statements of the Walhonding Valley Fire District, Coshocton County, (the District) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 15, 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 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiency in internal control over financial reporting, that we consider material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be material weakness.

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.

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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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 15, 2010.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on them.

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

Alger & Associates, LLC
April 15, 2010

**WALHONDING VALLEY FIRE DISTRICT
COSHOCOTON COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness

Financial Reporting

As a result of the audit procedures performed, errors were noted in the District's financial statements that required audit adjustments and reclassifications as follows:

During 2008 and 2009, the District misclassified Public Safety and Capital Outlay expenditures to General Government. Grants received were classified as Miscellaneous Revenue rather than Intergovernmental Revenue. Additionally, the District classified all debt payments to Redemption of Principal rather than breaking out the interest paid to Interest and Other Fiscal Charges. All misclassifications have been properly adjusted on the financial statements.

Sound financial reporting is the responsibility of the District and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures to identify and correct errors and omissions. The District should also refer to the UAN Accounting Training manual for additional guidance in recording receipts and expenditures in the UAN System. In addition, the District should review the financial statements and notes prior to submission for audit.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. Because the District did not make the appropriate appropriation reduction the appropriation had exceeded the estimated resources the county auditor had certificate for calendar year 2008.

The District should ensure annual appropriations adopted by the Board of Trustees are reflected in the minutes and subsequently submitted to the County Auditor in order to comply with the Ohio Revised Code.

OFFICIALS' RESPONSE

The Elected Officials have indicated they are going to review the findings and implement any necessary procedures to avoid these in the future.

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**WALHONDING VALLEY FIRE DISTRICT
COSHOCOTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDING 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	Material Weakness – Financial Reporting – Misclassification of transactions	No	This has not been implemented
2007-002	Ohio Rev. Code Section 5705.38 (A) – The District’s 2006 annual appropriation not approved by the Board & the 2007 annual appropriation was not available for review	Yes	
2007-003	Ohio Rev. Code Section 5705.41 (B) – Expenditures exceeded appropriations	Yes	
2007-004	Ohio Rev. Code Section – 5705.39 – 2007 annual appropriations not filed with the County Auditor	Yes	
2007-005	Ohio Rev. Code Section 5705.41 (D) – The District did not always certify funds were available at the time of the commitment	Yes	



Mary Taylor, CPA
Auditor of State

WALHONDING VALLEY FIRE DISTRICT

COSHOCTON 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**