



Dave Yost • Auditor of State

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental fund Types - For the Year Ended December 31, 2013	4
Notes to the Financial Statements	5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Northern Hardin County Fire District
Hardin County
12825 County Road 90
Kenton, Ohio 43326

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Northern Hardin County Fire District, Hardin County, (the District) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Northern Hardin County Fire District, Hardin County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2015

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$40,424		\$114,268	\$154,692
Intergovernmental	6,425		18,842	25,267
Earnings on Investments	55			55
Grants	11,000			11,000
Miscellaneous	7,643			7,643
Total Cash Receipts	<u>65,547</u>		<u>133,110</u>	<u>198,657</u>
Cash Disbursements:				
Current Disbursements:				
Advertisements	8			8
Bureau of Workers Comp	1,778			1,778
Computer/Software	1,562			1,562
Equipment	6,951			6,951
Fire Trucks			167	167
Fuel	2,317			2,317
Grant Expense	10,001			10,001
Insurance	7,457			7,457
Legal Fees	100			100
Miscellaneous	5,281		2,697	7,978
Office Supplies	716			716
Postage	98			98
Repairs-Building	2,774			2,774
Repairs-Electronics	1,239			1,239
Repairs-Equipment	192			192
Repairs-Vehicles	408			408
Maintenance	1,347			1,347
Salaries, Retirement & Taxes	4,019			4,019
Shop Supplies	401			401
Training	450			450
Utilities	3,127			3,127
Dependents' Fund	300			300
Debt Service:				
Principal Retirement		5,700		5,700
Interest and Fiscal Charges		143		143
Total Cash Disbursements	<u>50,526</u>	<u>5,843</u>	<u>2,864</u>	<u>59,233</u>
Excess Receipts Over (Under) Disbursements	<u>15,021</u>	<u>(5,843)</u>	<u>130,246</u>	<u>139,424</u>
Other Financing Receipts (Disbursements):				
Transfers In		5,843		5,843
Transfers Out	(5,843)			(5,843)
Total Other Financing Receipts (Disbursements)	<u>(5,843)</u>	<u>5,843</u>		
Net Change in Fund Cash Balance	9,178		130,246	139,424
Fund Cash Balances, January 1	<u>16,929</u>	<u>0</u>	<u>0</u>	<u>16,929</u>
Fund Cash Balances, December 31:				
Restricted			130,246	130,246
Unassigned (Deficit)	26,107			26,107
Fund Cash Balances, December 31	<u>\$26,107</u>	<u>\$0</u>	<u>\$130,246</u>	<u>\$156,353</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, 2013**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$40,426		\$114,513	\$154,939
Intergovernmental	3,239		9,386	12,625
Earnings on Investments	10		4	14
Grants	3,250			3,250
Miscellaneous	1,925			1,925
Total Cash Receipts	<u>48,850</u>		<u>123,903</u>	<u>172,753</u>
Cash Disbursements:				
Current Disbursements:				
Advertisements	31			31
Audit Expense	410			410
Bureau of Workers Comp.	1,893			1,893
Computer/Software	2,297			2,297
Education Materials	469			469
Equipment	4,373			4,373
Fire Trucks			135,382	135,382
Fuel	1,514			1,514
Grant Expense	2,360			2,360
Insurance	7,740			7,740
Miscellaneous	1,594		2,676	4,270
Office Supplies	31			31
Postage	46			46
Repairs-Building	7,126			7,126
Repairs-Electronics	647			647
Repairs-Equipment	1,931			1,931
Repairs-Vehicles	6,507			6,507
Maintenance	2,464			2,464
Salaries, Retirement & Taxes	3,953			3,953
Shop Supplies	160			160
Utilities	3,193			3,193
Dependents' Fund	300			300
Debt Service:				
Principal Retirement		\$5,700		5,700
Interest and Fiscal Charges		428		428
Total Cash Disbursements	<u>49,039</u>	<u>6,128</u>	<u>138,058</u>	<u>193,225</u>
Excess Receipts (Under) Disbursements	<u>(189)</u>	<u>(6,128)</u>	<u>(14,155)</u>	<u>(20,472)</u>
Other Financing Receipts (Disbursements):				
Transfers In	10,415	6,128	14,159	30,702
Transfers Out	<u>(20,287)</u>		<u>(10,415)</u>	<u>(30,702)</u>
Total Other Financing Receipts (Disbursements)	<u>(9,872)</u>	<u>6,128</u>	<u>3,744</u>	
Net Change in Fund Cash Balance	(10,061)		(10,411)	(20,472)
Fund Cash Balances, January 1	<u>26,990</u>	<u>0</u>	<u>10,411</u>	<u>37,401</u>
Fund Cash Balances, December 31:				
Unassigned	16,929			16,929
Fund Cash Balances, December 31	<u>\$16,929</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,929</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, 2014 AND 2013**

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. Those 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits

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 maintained all money at December 31, 2014 and 2013 in demand deposits.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. 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, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following capital project fund:

Truck Fund – The fund receives property tax money for capital and non-capital related disbursements along with transfers from the General Fund which are to be used for the 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, 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 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 carried over, and need not be re-appropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The District classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**NORTHERN HARDIN COUNTY FIRE DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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 pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	<u>\$156,353</u>	<u>\$16,929</u>
Total deposits	<u>\$156,353</u>	<u>\$16,929</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, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,139	\$65,547	(\$5,592)
Debt Service		5,843	5,843
Capital Projects	132,645	133,110	465
Total	\$203,784	\$204,500	\$716

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$70,510	\$56,369	\$14,141
Debt Service		5,843	(5,843)
Capital Projects		2,864	(2,864)
Total	\$70,510	\$65,076	\$5,434

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,514	\$59,265	(\$14,249)
Debt Service		6,128	6,128
Capital Projects		138,062	138,062
Total	\$73,514	\$203,455	\$129,941

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,810	\$69,326	\$5,484
Debt Service		6,128	(6,128)
Capital Projects		148,473	(148,473)
Total	\$74,810	\$223,927	(\$149,117)

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.

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, 2014 AND 2013
(Continued)**

5. DEBT

The District issued general obligation bonds in 2004 in the amount of \$57,000, to finance the purchase of a new fire truck. The final principal payment on the bonds was made during 2014. The District has no debt outstanding at December 31, 2014.

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 2014 and 2013, OPERS members contributed 10 of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2014.

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.

8. TRANSFERS

During 2014 and 2013, transfers in the amount of \$5,843 and \$6,128, respectively, were made from the General Fund to the Debt Service to meet required debt payments. Also in 2013, \$14,159 was transferred from the General Fund to the Capital Projects Fund to help fund the purchase of a fire truck. The unused portion of this transfer, in the amount of \$10,415 was transferred back to the General Fund in 2013.

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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
12825 County Road 90
Kenton, Ohio 43326

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Northern Hardin County Fire District, Hardin County, (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, have issued our report thereon dated September 11, 2015 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Fire District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2015



Dave Yost • 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
OCTOBER 20, 2015**