



**NORTHERN UNION COUNTY FIRE & EMS DISTRICT
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009-2008



Mary Taylor, CPA
Auditor of State

NORTHERN UNION COUNTY FIRE & EMS DISTRICT
UNION COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance for the Year Ended December 31, 2009	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2008	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings	16

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Northern Union County Fire & EMS District
Union County
602 North Franklin Street
Richwood, Ohio 43344

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 District 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

July 23, 2010

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Northern Union County Fire & EMS District
Union County
602 North Franklin Street
Richwood, Ohio 43344

To the Board of Trustees:

We have audited the accompanying financial statements of Northern Union County Fire & EMS District, Union 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 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.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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 of Northern Union County Fire & EMS District, Union County, Ohio, 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 July 23, 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

July 23, 2010

**NORTHERN UNION COUNTY FIRE/EMS DISTRICT
UNION COUNTY**

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

	<u>All Fund Types</u>
	<u>General</u>
Cash Receipts:	
Property Taxes	\$ 536,339
Charges for Services	169,206
Intergovernmental	42,618
Earnings on Investments	8,090
Miscellaneous	11,893
	<hr/>
Total Cash Receipts	768,146
	<hr/>
Cash Disbursements:	
Current Disbursements:	
General Government	504,080
Capital Outlay	218,047
Debt Service:	
Redemption of Principal	132,871
Interest and Other Fiscal Charges	23,128
	<hr/>
Total Cash Disbursements	878,126
	<hr/>
Total Receipts Over/(Under) Disbursements	(109,980)
Fund Cash Balance, January 1	716,569
	<hr/>
Fund Cash Balance, December 31	<u>\$ 606,589</u>

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

**NORTHERN UNION COUNTY FIRE/EMS DISTRICT
UNION COUNTY**

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

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 525,993	\$ -	\$ 525,993
Charges for Services	113,488	-	113,488
Intergovernmental	79,121	272,513	351,634
Earnings on Investments	16,485	-	16,485
Miscellaneous	8,065	-	8,065
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	743,152	272,513	1,015,665
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current Disbursements:			
General Government	465,412	-	465,412
Public Safety	21,919	-	21,919
Capital Outlay	80,688	272,513	353,201
Debt Service:			
Redemption of Principal	58,194	-	58,194
Interest and Other Fiscal Charges	29,492	-	29,492
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	655,705	272,513	928,218
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	87,447	-	87,447
Fund Cash Balances, January 1	629,122	-	629,122
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 716,569</u>	<u>\$ -</u>	<u>\$ 716,569</u>

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

**NORTHERN UNION COUNTY FIRE/EMS DISTRICT
UNION 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 Northern Union County Fire/EMS District, Union County, Ohio (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Richwood, Claibourne Township, Jackson Township and York 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 accounting basis 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.

**NORTHERN UNION COUNTY FIRE & EMS DISTRICT
UNION COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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 Funds:

The Federal Emergency Management Agency (FEMA) Fund was established for the proper accounting of federal receipts and expenditures.

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 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 canceled, and reappropriated 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.

**NORTHERN UNION COUNTY FIRE & EMS DISTRICT
UNION COUNTY**

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

2. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$399,669	\$512,338
Certificates of deposit	206,920	204,231
Total deposits	\$606,589	\$716,569

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District;

3. Budgetary Activity

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$678,000	\$768,146	\$90,146
Total	\$678,000	\$768,146	\$90,146

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$931,300	\$878,126	\$53,174
Total	\$931,300	\$878,126	\$53,174

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$944,319	\$743,152	(\$201,167)
Special Revenue	272,513	272,513	0
Total	\$1,216,832	\$1,015,665	(\$201,167)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$667,600	\$655,705	\$11,895
Special Revenue	272,513	272,513	0
Total	\$940,113	\$928,218	\$11,895

**NORTHERN UNION COUNTY FIRE & EMS DISTRICT
UNION COUNTY**

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

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.

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
General Obligation Note	\$387,588	5%

The District issued a general obligation note to finance the construction of the fire house. The note was issued on a "draw basis" on December 23, 2000 for an amount up to \$750,000, maturing through December 1, 2020.

In 2009 the District paid off a note that was issued on February 9, 2007 for the purchase of a new ambulance.

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

	General Obligation Note
Year ending December 31:	
2010	\$37,500
2011	37,500
2012	37,500
2013	37,500
2014	37,500
2015-2020	364,817
Total	\$552,317

**NORTHERN UNION COUNTY FIRE & EMS DISTRICT
UNION COUNTY**

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

6. Retirement Systems

The District's full time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. 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, OP&F participants contributed 10% of their wages. For 2009 and 2008, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2009 and 2008, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 17.4% and 17.63, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

7. Risk Management

The District has obtained commercial insurance for the following risks:

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

This page intentionally left blank.



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 Union County Joint Fire & EMS District
Union County
602 North Franklin Street
Richwood, Ohio 43344

To the Board of Trustees:

We have audited the financial statements of the Northern Union Joint Fire & EMS District, Union County, (the District) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated July 23, 2010. 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.

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 a certain deficiency in internal control over financial reporting, that we consider a 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 a 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. 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 also noted certain internal control matters that we reported to the District's management in a separate letter dated July 23, 2010.

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

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

July 23, 2010

**NORTHERN UNION COUNTY JOINT FIRE & EMS DISTRICT
UNION COUNTY**

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

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

FINDING NUMBER 2009-001

Material Weakness

Sound financial reporting is the responsibility of the clerk and the Board of Trustees and is essential to ensure the information provided to the readers of the financial is complete and accurate.

The following audit reclassifications were made to the District's December 31, 2009 and 2008 financial statements to accurately reflect account balances.

1. In 2008 Emergency Medical Service (EMS) billing receipts of \$86,772 were improperly posted as miscellaneous receipts rather than charges for services.
2. In 2009 Emergency Medical Service (EMS) billing receipts of \$171,849 were improperly posted as licenses, permits, and fees.
3. Refund of Emergency Medical Service (EMS) improperly posted as other financing sources for 2009 and 2008 for \$2,828 and \$1,670 respectively.
4. Rollback and Homestead receipts improperly posted to property tax receipts for 2009 and 2008 for \$39,514 and \$38,363 respectively.
5. For 2008 debt payments were improperly classified as capital outlay expenditures and were not broken out as principal of \$58,194 and interest of \$29,492.

The reclassifications identified during the audit should be reviewed by the clerk to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the District should adopt policies and procedures, including a final review of the financial statements by the clerk and the Board of Trustees, to identify and correct errors and omissions.

No official's response was received for the comment denoted above.

**NORTHERN UNION COUNTY JOINT FIRE & EMS DISTRICT
UNION 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	Financial Reporting	No	Not corrected—Reissued as Finding 2009-001
2007-002	Ohio Revised Code § 5705.41(D)(1)	Yes	N/A
2007-003	Ohio Revised Code § 5705.12	Yes	N/A



Mary Taylor, CPA
Auditor of State

NORTHERN UNION COUNTY JOINT FIRE AND EMS DISTRICT

UNION 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
SEPTEMBER 14, 2010**