



**PORTAGE JOINT FIRE DISTRICT
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

**PORTAGE JOINT FIRE DISTRICT
OTTAWA COUNTY**

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Mary Taylor, CPA
Auditor of State

Portage Joint Fire District
Ottawa County
242 West Water Street, P.O. Box 240
Oak Harbor, Ohio 43449-0240

To the Board of Trustees:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 8, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Portage Joint Fire District
Ottawa County
242 West Water Street, P.O. Box 240
Oak Harbor, Ohio 43449-0240

To the Board of Trustees:

We have audited the accompanying financial statements of the Portage Joint Fire District, Ottawa 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 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.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Portage Joint Fire District, Ottawa County, as of December 31, 2009 and 2008, and its 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 November 8, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

November 8, 2010

**PORTAGE JOINT FIRE DISTRICT
OTTAWA COUNTY**

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

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$255,983	\$2,408	\$258,391
Charges for Services	2,500		2,500
Intergovernmental	57,229		57,229
Earnings on Investments	7,058		7,058
Miscellaneous	7,874		7,874
	<u>330,644</u>	<u>2,408</u>	<u>333,052</u>
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	46,242		46,242
Fringe Benefits	23,765		23,765
Materials and Supplies	9,922		9,922
Equipment	45,027		45,027
Other	89,107		89,107
Capital Outlay		330,013	330,013
	<u>214,063</u>	<u>330,013</u>	<u>544,076</u>
Total Cash Disbursements	<u>214,063</u>	<u>330,013</u>	<u>544,076</u>
Total Receipts Over/(Under) Disbursements	116,581	(327,605)	(211,024)
Fund Cash Balances, January 1	<u>165,752</u>	<u>341,219</u>	<u>506,971</u>
Fund Cash Balances, December 31	<u><u>\$282,333</u></u>	<u><u>\$13,614</u></u>	<u><u>\$295,947</u></u>

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

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$259,159	\$2,408	\$261,567
Charges for Services	2,800		2,800
Intergovernmental	50,604		50,604
Earnings on Investments	8,032		8,032
Miscellaneous	2,694		2,694
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	323,289	2,408	325,697
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	43,898		43,898
Fringe Benefits	18,898		18,898
Materials and Supplies	3,837		3,837
Equipment	3,339		3,339
Other	78,495		78,495
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	148,467		148,467
Total Receipts Over Disbursements	174,822	2,408	177,230
Other Financing Receipts/(Disbursements):			
Transfers-In		150,000	150,000
Transfers-Out	(150,000)		(150,000)
Other Financing Uses	587		587
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(149,413)	150,000	587
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	25,409	152,408	177,817
Fund Cash Balances, January 1	140,343	188,811	329,154
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$165,752</u>	<u>\$341,219</u>	<u>\$506,971</u>

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

**PORTAGE JOINT FIRE DISTRICT
OTTAWA 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 Portage Joint Fire District, Ottawa County, (the District) as a body corporate and politic. The District is comprised of the Village of Oak Harbor and Salem Township. A three-member Board of Trustees governs the District. The Mayor of the Village of Oak Harbor (the Village) and the Salem Township Trustees (the Township) each appoint one member. The third member is a citizen of the District and is approved jointly by the Village and 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. Cash and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The District values certificates of deposits at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

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

2. Capital Project Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The District had the following significant capital project fund:

**PORTAGE JOINT FIRE DISTRICT
OTTAWA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Capital Project Fund – This fund receives taxes and General Fund transfers to be used for the purchase of firefighting equipment.

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 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.

2. EQUITY IN POOLED CASH

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$295,947	\$161,134
Certificates of deposit		345,837
Total deposits	<u>\$295,947</u>	<u>\$506,971</u>

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

**PORTAGE JOINT FIRE DISTRICT
OTTAWA COUNTY**

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

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	\$618,807	\$330,644	(\$288,163)
Capital Projects		2,408	2,408
Total	\$618,807	\$333,052	(\$285,755)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$253,625	\$214,063	\$39,562
Capital Projects	331,000	330,013	987
Total	\$584,625	\$544,076	\$40,549

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$251,000	\$323,876	\$72,876
Capital Projects	150,000	152,408	2,408
Total	\$401,000	\$476,284	\$75,284

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$372,097	\$298,467	\$73,630

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.

**PORTAGE JOINT FIRE DISTRICT
OTTAWA COUNTY**

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

4. PROPERTY TAX – (Continued)

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. RETIREMENT SYSTEMS

A. Ohio Public Employees Retirement System

Officials of the District and part-time firefighters in their position prior to May 4, 1992 whom provided notice to the retirement system belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's 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%, respectively, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

B. Social Security

All employees not otherwise covered by the Ohio Public Employees retirement System contribute to Social Security. The District's liability is 6.2 percent of wages paid.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Commercial property;
- General and management liability;
- Portable equipment;
- Vehicles; and
- Umbrella.

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**PORTAGE JOINT FIRE DISTRICT
OTTAWA COUNTY**

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

8. SUBSEQUENT EVENTS

On July 16, 2010, one of the District's firemen was responding to a fire call and was involved in an automobile accident, in which one person was fatally injured. The accident is being investigated by the Ohio State Highway Patrol and no parties involved in the accident have been charged at this time.

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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**

Portage Joint Fire District
Ottawa County
242 West Water Street, P.O. Box 240
Oak Harbor, Ohio 43449-0240

To the Board of Trustees:

We have audited the financial statements of the Portage Joint Fire District, Ottawa County, (the District) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated November 8, 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.

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 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.

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 matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 8, 2010.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the District. 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

November 8, 2010

**PORTAGE JOINT FIRE DISTRICT
OTTAWA 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 Rev. Code Section 5705.10(C), revenues from a special levy not posted to the proper fund.	Partially Corrected	Reissued as a management letter comment.
2007-002	Ohio Rev. Code Section 5705.41(B), expenditures exceeding appropriations.	Yes	
2007-003	Material weakness due to several reclassifications for incorrect postings by the Fiscal Officer.	Partially Corrected	Reissued as a management letter comment.

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Mary Taylor, CPA
Auditor of State

PORTAGE JOINT FIRE DISTRICT

OTTAWA 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
NOVEMBER 23, 2010**