

**Jeromesville Community Fire District**

Financial Condition

As of

December 31, 2008

Together with Auditor's Report





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Jeromesville Community Fire District  
P.O. Box 414  
Jeromesville, Ohio 44840

We have reviewed the *Independent Accountant's Report* of the Jeromesville Community Fire District, Ashland County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 Accountant's 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 Accountant's 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 Jeromesville Community 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

August 5, 2010

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JEROMESVILLE COMMUNITY FIRE DISTRICT

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Certified Public Accountant  
11811 Shaker Boulevard, Suite 421  
Cleveland, Ohio 44120  
(216)421-1000  
Fax:(216)421-1001  
Email: klpenncpa@aol.com

### **Independent Accountant's Report**

Jeromesville Community Fire District  
P.O. Box 414  
Jeromesville, Ohio 44840

I have audited the accompanying financial statement of the Jeromesville Community Fire District, (the District) as of and for the years ended December 31, 2008. This financial statement is the responsibility of the District's management. My responsibility is to express an opinion on the financial statement based on my audit.

I 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

As discussed 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. Although I cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, I presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2008. Instead of the combined funds the accompanying financial statements present for 2008, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2008. While the District does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. My opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In my opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above 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, 2008, or its changes in financial position and cash flows for the year then ended.

Also, in my opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Jeromesville Community Fire District, Ashland County, Ohio, as of December 31, 2008 and its combined cash receipts and disbursements and reserves for encumbrances for the year then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2008. 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, I have also issued my report dated June 4, 2010, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards. You should read it in conjunction with this report in assessing the results of my audit.

Kevin L. Penn, Inc.

June 4, 2010



Jeromesville Community Fire District  
 Ashland County  
 Statement of Cash Receipts, Disbursements  
 and Changes in Fund Cash Balances  
 For the Year Ended December 31, 2008

Cash Receipts:	
Property and Other Local Taxes	\$ 153,152
Charges for Services	79,664
Interest Income	1,212
Other Revenue	13,120
Total Cash Receipts	<u>247,148</u>
Cash Disbursements:	
General Government	227,251
Public Safety	6,016
Capital Outlay	7,450
Total Cash Disbursements	<u>240,717</u>
Excess of Receipts Over/(Under) Disbursements	<u>6,431</u>
Fund Cash Balance - January 1, 2008	52,856
Fund Cash Balance - December 31, 2008	<u>\$ 59,287</u>
Reserves for Encumbrances, December 31, 2008	<u>\$ -</u>

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

**JEROMESVILLE COMMUNITY  
FIRE DISTRICT  
ASHLAND COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Jeromesville Community Fire District, Ashland County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District serves three political subdivisions consisting of Plain District, Lake District, and Jeromesville District, which includes Mohican and Perry Districts. The Board of Trustees consists of three members, one member from each of the following: Mohican District, Perry District and Jeromesville District. The principal purpose of the District is to pool the mutual resources and abilities of the member subdivisions and thereby provide adequate and responsible fire protection and emergency medical services (EMS) for the subdivisions.

The District has five part-time employees and uses volunteers to provide most of the fire protection and EMS services. In 2008, volunteers were paid \$10 per call, meeting and training session.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criteria was considered in determining the reporting entity. The District has no component units.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The District has no investments. The District maintains all cash in one checking account.

**JEROMESVILLE COMMUNITY  
FIRE DISTRICT  
ASHLAND COUNTY**

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

**D. 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 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. Unencumbered 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**F. Fund Accounting**

The District maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the need of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, and accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**JEROMESVILLE COMMUNITY  
FIRE DISTRICT  
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**2. DEPOSITS AND INVESTMENTS**

Legal Requirements

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Monies held by the District which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Bond and other obligations of the State of Ohio, its political subdivision, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including but not limited to, passbook accounts;

**JEROMESVILLE COMMUNITY  
FIRE DISTRICT  
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**2. DEPOSITS AND INVESTMENTS** (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits. At year-end, the carrying amount of the District's deposits was \$(1,544) (exclusive of the \$60,831 repurchase agreement included in investments below) and the bank balance was \$6,818. Of the bank balance, \$6,818 was covered by federal depository insurance.

Investments. Statutory provisions require that the District hold all securities acquired by the District or deposit them with a qualified trustee pursuant to Section 135.18, Revised Code. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counterparty is a designated depository of the District for the current period of designation of depositories, in which case the securities may be held in trust by the depository. At the end of each day, the District withdraws surplus funds from the account and invests the monies in an overnight repurchase agreement. The District does not purchase any specific security in this manner, but the investment is collateralized by pledged securities held by a third party in the name of the bank.

GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments, classified by risk. Category 1 includes investments that are insured or registered, or securities held by the District or its agent in District name. Category 2 includes uninsured and unregistered, with securities held by the counter-party trust department or agent in the District. Category 3 includes uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District.

**JEROMESVILLE COMMUNITY  
FIRE DISTRICT  
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

Reconciliation of cash and cash equivalents and investments for 2008 is as follows:

	Cash and Cash Equivalents	Investments
Per Combined Statement of Cash Receipts, Disbursements And Changes in Fund Cash Balance	\$ 59,287	\$ 60,831
Repurchase Agreement	<u>60,831</u>	<u>( 60,831)</u>
Per GASB Statement No. 3	<u>\$ ( 1,544)</u>	<u>\$ 0</u>

**3. BUDGETARY ACTIVITY**

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

Budgeted vs. Actual Receipts

Fund Type:	Budgeted Receipts	Actual Receipts	Variance
General	\$ 253,554	\$ 247,148	\$ (6,406)

Budgeted vs Actual Budgetary Basis Expenditures

Fund Type:	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 240,717	\$ (240,717)

**Ohio Rev. Code Section 5705.41 (B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated. During the 2008 calendar year the District did not pass and file the temporary or the permanent appropriation measure, as a result, the object level expenditures exceeded appropriations for the General Fund in the amount of \$240,717.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by District Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**JEROMESVILLE COMMUNITY  
FIRE DISTRICT  
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**5. PENSION PLAN**

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Ohio Public Employees Retirement System

All District full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;
- The Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Ohio Public Employees Retirement System

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. District to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory District for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the District was 14.00 percent for OPERS of covered payroll. The District's required contributions to OPERS for the fiscal years ended December 31, 2008, 2007, and 2006 were \$630, \$457 and \$343 respectively. 100 percent of the contributions have been paid for 2008, 2007 and 2006.

**JEROMESVILLE COMMUNITY  
FIRE DISTRICT  
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**6. POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Ohio Public Employees Retirement System

The Ohio Revised Code provides statutory District for employer contributions. The 2008 employer contribution rate was 14.00 percent of covered payroll, 4 percent was the portion that was used to fund health care for 2008.

Benefits are advance-funded using the entry age normal actuarial cost method of valuation. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases.

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At December 31, 2008, the number of active contributing participants in the Traditional Pension and Combined Plans totaled 374,130. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2008 (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.



**JEROMESVILLE COMMUNITY  
FIRE DISTRICT  
ASHLAND COUNTY**

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

**6. POST-EMPLOYMENT BENEFITS (continued)**

On September 9, 2006 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2006. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance coverage to full time employees through a private carrier.

**8. CONTINGENT LIABILITIES**

Management believes there are no pending claims or lawsuits.



Certified Public Accountant  
11811 Shaker Boulevard, Suite 421  
Cleveland, Ohio 44120  
(216)421-1000  
Fax:(216)421-1001  
Email: klpenncpa@aol.com

**Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards**

Jeromesville Community Fire District  
P.O. Box 414  
Jeromesville, Ohio 44840

I have audited the financial statement of Jeromesville Community Fire District as of and for the years ended December 31, 2008, and have issued my report thereon dated June 4, 2010. I conducted my audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My report on the financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Ohio, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Jeromesville Community Fire District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jeromesville Community Fire District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Jeromesville Community Fire District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 corrected on a timely basis.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that I consider to be significant deficiencies in internal control over financial reporting as item 2008-1.

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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jeromesville Community Fire District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as item 2008-1.

I noted certain matters that I reported to management of Jeromesville Community Fire District in a separate letter dated June 4, 2010

The Jeromesville Community Fire District's response to the findings identified in my audit is described in the accompanying schedule of findings. I did not audit the Jeromesville Community Fire District's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

June 4, 2010

Jeromesville Community Fire District  
Ashland County

Schedule of Findings  
December 31, 2008

Findings Related to the Financial Statements  
Required to be reported in Accordance with GAGAS

2008-1

**Preparation of Financial Statements**

Condition:

There were numerous disbursement transactions which were not processed via the UAN system.

Criteria:

The internal controls established by management, pertaining to the preparation of financial statements should operate in a manner which should prevent or detect errors, inconsistencies, and omissions.

Effect:

The ending fund cash balance was overstated by \$14,372.

Cause:

Inadequately designed control policies and procedures related to the preparation of the financial statements.

Recommendation:

I recommend that management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, management should consider where errors or fraud could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or fraud in a timely basis.

Auditee's Response:

The cash balance has been corrected.

Jeromesville Community Fire District  
Ashland County

Schedule of Prior Audit Findings  
December 31, 2008

Finding Number 2007-1

Finding Summary:

From January to June, the supporting documentation for cash receipts, pertaining the conversion process for the UAN system, could not be located by management. Therefore, the proper classification of cash receipts could not be verified.

Fully Corrected?

Yes.

Current Status:

This finding will not be repeated in the 2008 audit.

Finding Number 2007-2

Finding Summary:

The Fiscal Officer, signs and issues checks; receives and makes deposits, and reconciles the bank accounts. The basic premise is that no one individual should have access to both physical assets the related accounting records or to various phases of a transaction. One of the most critical areas of separation is cash, where I noted that there is not proper separation of duties, pertaining to the handling incoming checks; preparation of the deposit slips; and the reviewing of the monthly bank accounts.

Fully Corrected?

No.

Current Status:

This finding will be repeated in the 2008 audit.

Jeromesville Community Fire District  
Ashland County

Schedule of Prior Audit Findings  
December 31, 2008

Finding Number 2007-3

Finding Summary:

During the testing of cash disbursements, the following was noted:

1. There were four transactions with an aggregate total of \$546.65 whereby there was no supporting documentation.
2. There were eighteen instances whereby the purchase order was dated after the invoice date.

Fully Corrected?

No.

Current Status:

The finding pertaining to the purchase orders will be reported in a separate management letter.

Finding Number 2007-4

Finding Summary:

During the testing of cash receipts, there were eleven transactions with an aggregate total of \$38,785.49 whereby there was no supporting documentation.

Fully Corrected?

Yes.

Current Status:

This finding will not be repeated in the 2008 audit.



**Mary Taylor, CPA**  
Auditor of State

**JEROMESVILLE COMMUNITY FIRE DISTRICT**

**ASHLAND 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  
AUGUST 17, 2010**