



**Auditor of State  
Betty Montgomery**



**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances For the Year Ended December 31, 2003 and 2002.....	3
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11
Schedule of Prior Year Findings .....	13

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

BPM Joint Fire District  
Fayette County  
62 Main Street  
Bloomington, Ohio 43106

To the Board of Trustees:

We have audited the accompanying financial statements of BPM Joint Fire District, Fayette County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the District, as of December 31, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 29, 2004

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003 & 2002**

	<u>2003</u>	<u>2002</u>
<b>Cash Receipts:</b>		
Local Taxes	\$39,631	\$0
Intergovernmental	12,808	611
Charges for Services	10,572	30,237
Earnings on Investments	196	302
Miscellaneous	<u>3,617</u>	<u>1,634</u>
Total Cash Receipts	<u>66,824</u>	<u>32,784</u>
<b>Cash Disbursements:</b>		
Current:		
Security of Persons and Property	<u>57,078</u>	<u>32,674</u>
Total Cash Disbursements	<u>57,078</u>	<u>32,674</u>
Total Receipts Over Disbursements	<u>9,746</u>	<u>110</u>
Cash Balances, January 1	<u>27,137</u>	<u>27,027</u>
<b>Cash Balances, December 31</b>	<b><u><u>\$36,883</u></u></b>	<b><u><u>\$27,137</u></u></b>
Reserves for Encumbrances, December 31	<u>\$1,607</u>	<u>\$898</u>

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

**This page intentionally left blank.**

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

BPM Joint Fire District, Fayette 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 is directed by an appointed three-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are, Village of Bloomingburg, Paint Township, Marion Township and Madison Township. Madison Township has chosen not to have representation on the Board. The District provides fire protection 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. 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. Budgetary Process**

The Ohio Revised Code requires the District to budget annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations, 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Property, Plant and Equipment**

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

**2. CASH AND DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 follows:

	2003	2002
Total deposits	\$36,883	\$27,137

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
\$51,842	\$66,824	\$14,982

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
\$78,061	\$58,685	\$19,376

2002 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
\$0	\$32,784	\$32,784

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
\$0	\$33,572	(\$33,572)

Contrary to Ohio law, budgetary documents were not prepared and filed for 2002 resulting in budgetary expenditures exceeded appropriation authority for the year ended December 31, 2002. The District did not obtain prior certification of the fiscal officer for all purchases nor were expenditures properly encumbered as required by Ohio law.

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 payment, 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. RETIREMENT SYSTEMS**

The District's Clerk/Treasurer belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, the Clerk/Treasurer contributed 8.5% of her gross salary. The District contributed an amount equal to 13.55% of participants' gross salary through December 31, 2003. The District has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

- General Liability and casualty;
- Vehicles;
- Management liability; and
- Commercial Property.

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

BPM Joint Fire District  
Fayette County  
62 Main Street  
Bloomington, Ohio 43106

To the Board of Trustees:

We have audited the accompanying financial statements of BPM Joint Fire District, Fayette County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 29, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2003-01 through 2003-05. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated April 29, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

250 W. Court St. / Suite 150 E / Cincinnati, OH 45202  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

BPM Joint Fire District  
Fayette County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 29, 2004

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.36, states that on or about the first day of each fiscal year, the fiscal officer of subdivision and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the proceeding year. The District did not certify their fiscal year 2002 Certificate of the Total Amount from All Sources Available for Expenditures and Balance.

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.38, requires on or about the first day of each fiscal year, an appropriation measure be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1. The District did not approve their fiscal year 2002 Annual appropriation resolutions; however, expenditures were made.

**FINDING NUMBER 2003-003**

**Noncompliance Citation**

Ohio Rev. Code, Section 117.38, and Ohio Admin. Code 117-2-03, requires entities to file annual reports with the Auditor of State within 90 days of the fiscal year end and also requires that a notice of availability of the report must be published in a local newspaper. Annual Financial Reports were not filed for 2003 and notices of availability were not published for 2003 and 2002.

**FINDING NUMBER 2003-004**

**Noncompliance Citation**

Ohio Rev. Code, Section 7505.41 (B), prohibits a subdivision from making expenditures unless they have been properly appropriated. In 2002 the District did not prepare and file an annual appropriation resolution.

**FINDING NUMBER 2003-005**

**Noncompliance Citation/Reportable Condition**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**FINDING NUMBER 2003-005**  
**(Continued)**

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 (\$3,000 effective April 7, 2003), the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

The District failed to get the fiscal officer's certification before making commitments. Twenty three percent of the expenditures and obligations tested were initiated without obtaining the prior certification of the Clerk/Treasurer. Every effort should be made by the District to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending funds.

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-001	Ohio Rev. Code Section 5705.41 (D) - The District did not certify the availability of funds before making commitments in 2000 and 2001.	No	Partially Corrected - The District began to issue purchase orders in 2002; however, not all expenditures were found to be properly encumbered through the use of a purchase order. This issue is addressed in Finding 2003-005.
2001-002	Ohio Rev. Code, Sections 145.47 and 145.48 - The District did not deduct and remit the employees share of PERS nor did they pay the employer's share of PERS.	Yes	
2001-003	Ohio Rev. Code, Section 5705.36 - The District did not certify their fiscal year 2000 or 2001 Certificate of the Total Amount from All Sources Available for Expenditures and Balance.	No	Partially Corrected - The District certified their fiscal year 2003 Certificate of the Total Amount from All Sources Available for Expenditures and Balance, but not their 2002 Certificate. This issue is addressed in Finding 2003-001.
2001-004	Ohio Rev. Code, Section 5705.38 - The District did not approve their fiscal year 2000 and 2001 Annual appropriation resolutions; however, expenditures were made.	No	Partially Corrected - The District approved 2003 appropriations, but not 2002 appropriations. This issue is addressed in Finding 2003-002.
2001-05	Ohio Rev. Code, Section 117.38 - Annual Financial Reports were not filed and notices of availability were not published for 2000 and 2001.	No	Partially Corrected – Annual Financial Reports were not filed for 2003 and notices of availability were not published for 2003 and 2002. This issue is addressed in Finding 2003-003.
2001-06	Ohio Rev. Code, Section 117.43 - The District did not maintain a receipts journal, or an appropriations journal.	Yes	

**This Page is Intentionally Left Blank.**



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**BPM JOINT FIRE DISTRICT**

**FAYETTE 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  
JUNE 3, 2004**