



**Auditor of State
Betty Montgomery**

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Central Joint Fire District
Wood County
13179 Mermill Road
Portage, Ohio 43451-9749

To the Board of Trustees:

We have audited the accompanying financial statements of Central Joint Fire District, Wood County, (the District) as of and for the years ended December 31, 2002 and 2001. 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 combined fund cash balances of the District, as of December 31, 2002 and 2001, and its combined 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 August 8, 2003 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.

Central Joint Fire District
Wood County
Independent Accountants' Report
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This report is intended solely for the information and use of 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

August 8, 2003

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$163,204		\$163,204
Homestead and Rollback	17,924		17,924
Billable Runs	10,299		10,299
Plain Township Contract	12,000		12,000
Grants	4,394		4,394
Earnings on Investments	2,305		2,305
Miscellaneous	3,848		3,848
Total Cash Receipts	<u>213,974</u>		<u>213,974</u>
Cash Disbursements:			
Salaries	10,434		10,434
Benefits	1,014		1,014
Equipment	16,147		16,147
Personal Equipment	3,226		3,226
Utilities	10,248		10,248
Building Maintenance	4,206		4,206
Equipment Repairs	8,145		8,145
Supplies	3,561		3,561
Insurance	10,342		10,342
Advertising	248		248
Miscellaneous	5,020		5,020
Educational Materials	657		657
Subscriptions/Dues	733		733
Auditor/Treasurer Fees	1,654		1,654
Fuel Vehicles	2,243		2,243
Training	14,123		14,123
Property Taxes	5,869		5,869
Debt Service:			
Redemption of Principal		\$42,809	42,809
Interest		21,367	21,367
Total Disbursements	<u>97,870</u>	<u>64,176</u>	<u>162,046</u>
Total Receipts Over/(Under) Disbursements	<u>116,104</u>	<u>(64,176)</u>	<u>51,928</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		64,176	64,176
Transfers-Out	<u>(64,176)</u>		<u>(64,176)</u>
Total Other Financing Receipts/(Disbursements)	<u>(64,176)</u>	<u>64,176</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	51,928		51,928
Fund Cash Balances, January 1	<u>151,613</u>		<u>151,613</u>
Fund Cash Balances, December 31	<u>\$203,541</u>		<u>\$203,541</u>

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

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$175,138		\$175,138
Homestead and Rollback	17,550		17,550
Billable Runs	4,900		4,900
Plain Township Contract	12,000		12,000
Grants	16,349		16,349
Earnings on Investments	3,027		3,027
Miscellaneous	8,012		8,012
Total Cash Receipts	<u>236,976</u>		<u>236,976</u>
Cash Disbursements:			
Salaries	10,430		10,430
Benefits	1,288		1,288
Equipment	109,978		109,978
Personal Equipment	13,185		13,185
Utilities	11,319		11,319
Building Maintenance	15,326		15,326
Contracts	3,792		3,792
Equipment Repairs	8,622		8,622
Supplies	6,920		6,920
Insurance	8,232		8,232
Advertising	536		536
Miscellaneous	7,860		7,860
Educational Materials	1,172		1,172
Subscriptions/Dues	604		604
Auditor/Treasurer Fees	1,959		1,959
Fuel Vehicles	2,602		2,602
Training	12,291		12,291
Property Taxes	356		356
Debt Service:			
Redemption of Principal		\$16,000	16,000
Interest		19,115	19,115
Total Disbursements	<u>216,472</u>	<u>35,115</u>	<u>251,587</u>
Total Receipts Over/(Under) Disbursements	<u>20,504</u>	<u>(35,115)</u>	<u>(14,611)</u>
Other Financing Receipts/(Disbursements):			
Other Proceeds from Sale of Debt	40,000		40,000
Transfers-In		35,115	35,115
Transfer-Out	(35,115)		(35,115)
Total Other Financing Receipts/(Disbursements)	<u>4,885</u>	<u>35,115</u>	<u>40,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	25,389		25,389
Fund Cash Balances, January 1	<u>126,224</u>		<u>126,224</u>
Fund Cash Balances, December 31	<u>\$151,613</u>		<u>\$151,613</u>

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

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Central Joint Fire District, Wood County, (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 Portage Township, Liberty Township and the Village of Portage. 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. 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. Fund Accounting

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

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.

2. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The District had the following debt service funds:

General Obligation Bond Retirement Fund – This fund was used to record the debt activity for the new fire building constructed in 2000.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

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 cancelled, and reappropriated in the subsequent year. The District did not use the encumbrance method of accounting.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

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. EQUITY IN POOLED CASH

The District maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$203,541</u>	<u>\$151,613</u>

Deposits are insured by the Federal Depository Insurance Corporation. At December 31, 2002 and 2001, \$103,541 and \$51,613, respectively, of deposits were not insured or collateralized contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$202,737	\$213,974	\$11,237
Debt Service	55,115	64,176	9,061
Total	<u>\$257,852</u>	<u>\$278,150</u>	<u>\$20,298</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$270,200	\$162,046	\$108,154
Debt Service	80,000	64,176	15,824
Total	<u>\$350,200</u>	<u>\$226,222</u>	<u>\$123,978</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$238,587	\$276,976	\$38,389
Debt Service	60,000	35,115	(24,885)
Total	<u>\$298,587</u>	<u>\$312,091</u>	<u>\$13,504</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$227,000	\$251,587	(\$24,587)
Debt Service	60,000	35,115	24,885
Total	<u>\$287,000</u>	<u>\$286,702</u>	<u>\$298</u>

Contrary to Ohio Law, the District did not include the fiscal officer certification for all purchase commitments.

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 payments, the first half is due December 31. The second half payment is due the following June 20.

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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, 2002 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$354,000	5 - 5.65%
Bank Loan	20,594	4%
Total	\$374,594	

The District issued general obligation bonds to finance the purchase of a new fire hall. The bonds were issued on May 16, 2000 in the amount of 408,000 and have maturities through September 1, 2015. The bonds are collateralized solely by the District's taxing authority.

The District entered into a bank loan to finance the purchase of a new pumper truck. The loan was issued on October 15, 2001 in the amount of \$40,000 and matures October 15, 2004. The loan is collateralized solely by the District's taxing authority.

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

Year ending December 31:	General Obligation Bonds	Bank Loan
2003	\$29,158	\$14,282
2004	40,367	14,282
2005	40,237	
2006	41,018	
2007	39,709	
2008 – 2012	201,221	
2013 – 2015	108,180	
Total	\$499,890	\$28,564

6. RETIREMENT SYSTEMS

The District's Clerk and Fire Chief belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2002 and 2001, OPERS member employees contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability.
- Vehicles.

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**Auditor of State
Betty Montgomery**

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

Central Joint Fire District
Wood County
13179 Mermill Road
Portage, Ohio 43451-9749

To the Board of Trustees:

We have audited the accompanying financial statements of Central Joint Fire District, Wood County, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 8, 2003. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated August 8, 2003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated August 8, 2003.

One Government Center / Room 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Central Joint Fire District
Wood County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of 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

August 8, 2003

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides an "exception" to the above requirements:

- A. Then and Now Certificate - 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, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars (\$3,000 effective April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Ninety-two percent of the transactions selected did not receive prior certification of the Clerk nor were they certified using "Then and Now" certification. If the District fails to fully implement an encumbrance system, instances could occur whereby expenditures may exceed available resources. To improve controls, we recommend that all transactions receive prior certification by the Clerk. When prior certification is not possible, "Then and Now" certificates should be used.

FINDING NUMBER 2002-002

Ohio Revised Code §§ 135.18 and 135.181 require the fiscal officer of a political subdivision to require the depository, where funds are held, to provide as security an amount equal to the funds on deposit at all times. Deposits in the amount of \$103,541 and \$51,613 were not collateralized or insured at December 31, 2002 and 2001, respectively. We recommend the District require the depository to provide collateral to protect the funds on deposit.

**CENTRAL JOINT FIRE DISTRICT
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-30187-001	Deposits exceeding FDIC limits were not collateralized by the bank.	No	Not corrected.
2002-30187-002	Clerk did not certify the availability of funds prior to expenditures being made.	No	Not corrected.



**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

CENTRAL JOINT FIRE DISTRICT

WOOD 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 16, 2003**