



**Auditor of State  
Betty Montgomery**



**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountant's Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – General Fund – For the Year Ended December 31, 2002.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – General Fund – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements .....	5
Independent Accountant's Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANT'S REPORT

Western Reserve Joint Fire District  
Mahoning County  
111 South Main Street  
Poland, OH 44514

To the Board of Trustees:

We have audited the accompanying financial statements of the Western Reserve Joint Fire District (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 and reserves for encumbrances 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 June 19, 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.

This report is intended solely for the information and use of the audit committee, 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

June 19, 2003

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

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

	<b>General</b>
<b>Cash Receipts:</b>	
Local Taxes	\$485,061
Intergovernmental	68,168
Earnings on Investments	20,245
Miscellaneous	17,999
Total Cash Receipts	591,473
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	133,810
General Government	259,228
Other	48,615
Total Disbursements	441,653
Total Receipts Over Disbursements	149,820
<b>Other Financing Receipts/(Disbursements):</b>	
Proceeds from Sale of Public Debt:	
Sale of Notes	400,000
Total Other Financing Receipts/(Disbursements)	400,000
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	549,820
Fund Cash Balances, January 1	170,673
<b>Fund Cash Balances, December 31</b>	<b>\$720,493</b>
Reserves for Encumbrances, December 31	\$36,887

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

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>
<b>Cash Receipts:</b>	
Local Taxes	\$477,785
Intergovernmental	62,962
Earnings on Investments	13,295
Miscellaneous	<u>16,430</u>
Total Cash Receipts	<u>570,472</u>
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	117,351
General Government	598,176
Other	<u>44,304</u>
Total Disbursements	<u>759,831</u>
Total Receipts (Under) Disbursements	<u>(189,359)</u>
Fund Cash Balances, January 1	<u>360,032</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$170,673</u></u></b>
Reserves for Encumbrances, December 31	<u><u>\$56,496</u></u>

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



**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Western Reserve Joint Fire District, Mahoning 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 five-member Board of Trustees. Two board members are appointed by each political subdivision within the District. Also, one member is appointed from one of the subdivisions. Those subdivisions are Poland Township and the Village of Poland. 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. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township has an interest bearing sweep checking account that invests in overnight repurchase agreements. Interest earned is recognized and recorded when received.

**D. Fund Accounting**

The District uses fund accounting and has only a General Fund which accounts for all financial resources.

**E. Budgetary Process**

The Ohio Revised Code requires that General Fund be budgeted annually.

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

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

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

**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 unencumbered 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 2002 and 2001 budgetary activity appears in Note 3.

**F. 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	2002	2001
Demand deposits	(\$25,358)	(\$340,815)
Repurchase agreement	745,851	511,488
Total deposits and investments	\$720,493	\$170,673

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** The District's financial institution transfers securities to the District's agent to collateralize repurchase agreements. The securities are not in the District's name.

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$969,486	\$991,473	\$21,987

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$800,000	\$478,540	\$321,460

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$938,705	\$570,472	(\$368,233)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,250,000	\$816,327	\$433,673

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

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

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
2003 Pierce Engine/Rescue Truck	400,000	3.75%
Total	\$400,000	

The District issued into a general obligation note to finance the purchase of an engine/rescue truck. The notes were entered into on January 31, 2002 in the amount of \$400,000 and matures on March 25, 2005. The notes are collateralized solely by the District's taxing authority.

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

	2003 Pierce Engine/Rescue Truck
Year ending December 31:	
2003	144,076
2004	144,076
2005	144,076
Total	\$432,228

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

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

**6. RETIREMENT SYSTEMS**

The District's employees belong 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. PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The District has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

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

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

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**Auditor of State  
Betty Montgomery**

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

Western Reserve Joint Fire District  
Mahoning County  
111 South Main Street  
Poland, OH 44514

To the Board of Trustees:

We have audited the accompanying financial statements of the Western Reserve Joint Fire District (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 19, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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.

This report is intended solely for the information and use of the audit committee, 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

June 19, 2003





**Auditor of State  
Betty Montgomery**

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**WESTERN RESERVE JOINT FIRE DISTRICT**

**MAHONING 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  
JULY 15, 2003**