



**Auditor of State  
Betty Montgomery**



**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT  
SCIOTO COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

South Webster-Bloom Township Joint Fire District  
Scioto County  
15055C Lick Run Lyra Road  
South Webster, Ohio 45682

To the Board of Trustees:

We have audited the accompanying financial statement of the South Webster-Bloom Township Joint Fire District, Scioto County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 statement referred to above presents fairly, in all material respects, the cash balance and reserves for encumbrances of the South Webster-Bloom Township Joint Fire District, Scioto County, as of December 31, 2003 and 2002, 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 May 27, 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.

South Webster-Bloom Township Joint Fire District  
Scioto County  
Independent Accountants' Report  
Page 2

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

May 27, 2004

**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT  
SCIOTO COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
<b>Cash Receipts:</b>		
Local Taxes	\$146,280	\$135,365
Intergovernmental	17,190	20,193
Earnings on Investments	959	1,295
Miscellaneous	6,221	358
Total Cash Receipts	170,650	157,211
<b>Cash Disbursements:</b>		
Current:		
Public Safety	30,301	42,629
General Government	24,693	26,165
Debt Service:		
Redemption of Principal	43,688	48,975
Interest	3,526	6,792
Capital Outlay	5,606	30,419
Total Cash Disbursements	107,814	154,980
Total Cash Receipts Over/(Under) Cash Disbursements	62,836	2,231
Cash Balance, January 1	53,931	51,700
<b>Cash Balance, December 31</b>	<b>\$116,767</b>	<b>\$53,931</b>
Reserves for Encumbrances, December 31	\$0	\$3,553

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

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**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT  
SCIOTO COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

South Webster-Bloom Township Joint Fire District, Scioto 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 four-member Board of Trustees. Two Board members are appointed by each political subdivision within the District. Those subdivisions are Bloom Township and the Village of South Webster. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

**B. Basis of Accounting**

This financial statement follows 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).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The District has one checking account and had no investments during the audit period.

**D. Accounting**

The District reported the total of all monies collectively but tracks its levies separately from its operating activity and then combined all activity for reporting purposes.

**E. Budgetary Process**

The Ohio Revised Code requires the District to prepare an annual budget.

**1. Appropriations**

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

**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT  
SCIOTO COUNTY**

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

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

**E. Budgetary Process (Continued)**

**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 follow the encumbrance method of accounting. 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.

**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.

**2. CASH**

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

	2003	2002
Demand deposits	\$116,767	\$53,931

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District.

**3. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$198,931	\$170,650	(\$28,281)

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$275,320	\$107,814	\$167,506

2002 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$166,770	\$157,211	(\$9,559)

**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT  
SCIOTO COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$218,340	\$158,533	\$59,807

Contrary to Ohio law, the District did not certify the availability of funds prior to incurring any obligations or use then and now certificates.

**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 statement 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.

**5. DEBT**

**A. Current Debt Outstanding**

Debt outstanding at December 31, 2003 was as follows:

General Obligation Bonds	Principal	Interest Rate
	\$33,940	4.54%

The District issued general obligation bonds to finance the purchase of a new ambulance. The bonds were issued on May 4, 2001 in the amount of \$65,000 and have maturities through May 4, 2005. The bonds are collateralized solely by the District taxing authority.

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

Year ending December 31:	General Obligation Bonds
2004	\$18,135
2005	18,135
Total	\$36,270

**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT  
SCIOTO COUNTY**

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

**5. DEBT (Continued)**

**B. Subsequent Event**

In May 2004, the District approved general obligation bonds for \$140,000 to finance the purchase of a fire truck. The interest rate is 3.07% and the bonds will be amortized over a five-year period.

**6. RETIREMENT SYSTEM**

The District's Clerk belongs to the Ohio Public Employees Retirement System (OPERS). The OPERS is a cost-sharing, multiple-employer plan. The 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 District paid the employee and employer shares, which were 8.5% and 13.55% of the District Clerk's gross salary, respectively. The District has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State  
Betty Montgomery**

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

South Webster-Bloom Township Joint Fire District  
Scioto County  
105055C Lick Run Lyra Road  
South Webster, Ohio 45682

To the Board of Trustees:

We have audited the accompanying financial statement of the South Webster-Bloom Township Joint Fire District, Scioto County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 27, 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 statement is 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 27, 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. 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 May 27, 2004.

South Webster-Bloom Township Joint Fire District  
Scioto County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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

May 27, 2004

**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT  
SCIOTO 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>
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**FINDING NUMBER 2003-001**

Ohio Rev. Code Section 5705.41 (D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that she is completing her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 (\$3,000 after April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

None of the expenditures tested in 2002 and 2003 were certified by the District Clerk prior to the obligation. There was no documentation that a "then and now" certificate was used and subsequently approved by the Board of Trustees within the aforementioned 30-day time period. The budgetary presentations have been adjusted to include material items that should have been encumbered at December 31, 2003 and 2002.

We recommend that no orders involving the expenditure of money be made unless the District Clerk has certified that the amount required has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Where prior certification is not practical, we encourage the District Clerk to utilize "then and now" certificates or blanket certificates.

**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT  
SCIOTO 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>
2001-40773-001	Revised Code 5705.41(D), failure to certify funds	No	Not corrected – reissued as Finding Number 2003-001
2001-40773-002	Revised Code 5705.41(B), budgetary expenditures exceeding appropriations	Partially	Partially corrected – reissued as a management letter comment



**Auditor of State  
Betty Montgomery**

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**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT**

**SCIOTO 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 24, 2004**