



**Auditor of State  
Betty Montgomery**



**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

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**Auditor of State  
Betty Montgomery**

Perry Congress Joint Fire District  
Morrow County  
P.O. Box 85  
Shauck, Ohio 43349

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

July 28, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Perry Congress Joint Fire District  
Morrow County  
P.O. Box 85  
Shauck, Ohio 43349

To the Board of Trustees:

We have audited the accompanying financial statements of the Perry Congress Joint Fire District, Morrow County, Ohio, (the District) as of and for the years ended December 31, 2004 and December 31, 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we 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, 2004. Instead of the funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires 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 this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Perry Congress Joint Fire District, Morrow County, Ohio, as of December 31, 2004 and December 31, 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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, 2004. 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*, we have also issued our report dated July 28, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

July 28, 2005



**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$51,772	\$27,149	\$78,921
Intergovernmental	144,158	3,327	147,485
Charges for Services	9,000	0	9,000
Earnings on Investments	1,216	0	1,216
Miscellaneous	3,271	0	3,271
	<u>209,417</u>	<u>30,476</u>	<u>239,893</u>
<b>Total Cash Receipts</b>			
	<u>209,417</u>	<u>30,476</u>	<u>239,893</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	28,890	24,564	53,454
General Government	17,715	0	17,715
Other	2,972	2,636	5,608
Debt Service:			
Redemption of Principal	12,811	0	12,811
Interest	2,463	0	2,463
Capital Outlay	138,383	0	138,383
	<u>203,234</u>	<u>27,200</u>	<u>230,434</u>
<b>Total Disbursements</b>			
	<u>203,234</u>	<u>27,200</u>	<u>230,434</u>
Total Receipts Over/(Under) Disbursements	6,183	3,276	9,459
Fund Cash Balances, January 1	<u>58,829</u>	<u>22,844</u>	<u>81,673</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$65,012</b></u>	<u><b>\$26,120</b></u>	<u><b>\$91,132</b></u>

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

**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$50,186	\$26,406	\$76,592
Intergovernmental	5,942	3,163	9,105
Charges for Services	8,400	0	8,400
Earnings on Investments	560	0	560
Miscellaneous	6,789	0	6,789
	<u>71,877</u>	<u>29,569</u>	<u>101,446</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	32,152	10,605	42,757
General Government	12,459	0	12,459
Other	8,157	1,934	10,091
Capital Outlay	16,160	0	16,160
	<u>68,928</u>	<u>12,539</u>	<u>81,467</u>
<b>Total Disbursements</b>			
Total Receipts Over/(Under) Disbursements	2,949	17,030	19,979
Fund Cash Balances, January 1	55,880	5,814	61,694
<b>Fund Cash Balances, December 31</b>	<u><b>\$58,829</b></u>	<u><b>\$22,844</b></u>	<u><b>\$81,673</b></u>

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

**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Congress Joint Fire District, Morrow County, Ohio (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Perry Township and Congress Township. 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 the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 adequately disclose material matters the Auditor of State prescribes.

**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 accounts for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

This fund accounts for proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

*Fire Maintenance Fund* – This fund receives local government tax and intergovernmental homestead and rollback monies for the maintenance of fire apparatus, appliances, buildings, or sites.

**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**D. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund annually.

**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. 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 canceled, and reappropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**E. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**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>2004</u>	<u>2003</u>
Demand deposits	\$91,132	\$81,673

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

**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,900	\$209,417	\$154,517
Special Revenue	25,000	30,476	5,476
Total	\$79,900	\$239,893	\$159,993

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,729	\$203,234	(\$21,505)
Special Revenue	47,844	27,200	20,644
Total	\$229,573	\$230,434	(\$861)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,000	\$71,877	\$21,877
Special Revenue	12,400	29,569	17,169
Total	\$62,400	\$101,446	\$39,046

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,880	\$68,928	\$36,952
Special Revenue	18,213	12,539	5,674
Total	\$124,093	\$81,467	\$42,626

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the legal level of control for the "New Buildings and Equipment" object level within the General fund by \$40,428 for the year ended December 31, 2004.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State then pays the District amounts equaling the homestead and rollback deductions. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX (Continued):**

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax owners assess that property. The property owners must file a tangible property list 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**

The District entered into a lease-purchase agreement for the acquisition of real estate to be used as operational facilities and office space during April of 2004, in the amount of \$90,000 with an interest rate of 3.5%. The lease-purchase agreement has a term of five years ending in April of 2009. In addition, the District entered into a lease-purchase agreement for the acquisition of a new fire truck in October of 2004 in the amount of \$58,157 with an interest rate of 5%. The lease-purchase agreement has a term of five years, and ends on November 1, 2009.

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

<u>Year ending December 31:</u>	<u>Real Estate Lease</u>	<u>Fire Truck Lease</u>
2005	\$19,647	\$13,053
2006	19,647	13,053
2007	19,647	13,053
2008	19,647	13,053
2009	6,548	11,965
Total	<u>\$85,136</u>	<u>\$64,178</u>

**6. RISK POOL MEMBERSHIP**

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RISK POOL MEMBERSHIP (Continued)**

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003.

	<u>2004</u>	<u>2003</u>
Assets	\$6,685,522	\$5,402,167
Liabilities	<u>\$2,227,808</u>	<u>\$1,871,123</u>
Members' Equity	<u>\$4,457,714</u>	<u>\$3,531,044</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Perry Congress Joint Fire District  
Morrow County  
P.O. Box 85  
Schauk, Ohio 43349

To the Board of Trustees:

We have audited the financial statements of the Perry Congress Joint Fire District, Morrow County, Ohio, (the District) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated July 28, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated July 28, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the District's management dated July 28, 2005, we reported an other matter related to noncompliance we deemed immaterial.

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Perry Congress Joint Fire District  
Morrow County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the management and Board of Trustees. It is not intended for 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

July 28, 2005

**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**NONCOMPLIANCE CITATION**

**Expenditures in Excess of Appropriations**

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations in the object level denoted below:

**December 31, 2004 at the Legal Level of Control:**

<b>Fund/Func/Obj</b>	<b>Appropriated</b>	<b>Expended</b>	<b>Variance</b>
General Fund			
– New Bldgs & Equipment	\$113,229	\$153,657	\$40,428

We recommend that the District make no expenditure unless it has been lawfully appropriated in accordance with Ohio Rev. Code Section 5705.41(B).





**Auditor of State  
Betty Montgomery**

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**PERRY CONGRESS JOINT FIRE DISTRICT  
MORROW 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 30, 2005**