



Mary Taylor, CPA  
Auditor of State



**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Jefferson Emergency Rescue District  
Ashtabula County  
P.O. Box 294  
Jefferson, Ohio 44047

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Jefferson Emergency Rescue District, Ashtabula County, Ohio (the District), as of and for the years ended December 31, 2006 and December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Jefferson Emergency Rescue District, Ashtabula County, Ohio, as of December 31, 2006 and December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2008, 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.

Management's discussion and analysis is not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

**Mary Taylor, CPA**  
Auditor of State

April 21, 2008

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
UNAUDITED**

The discussion and analysis of Jefferson Emergency Rescue District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal years ended December 31, 2006 and 2005, within the limitation of cash basis accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2006 and 2005 are as follows:

*Overall:*

- Tax revenues in 2006 accounted for \$389,782 in revenue or 61 percent of all governmental revenues. Program specific revenues, were in the form of ambulance fees and membership fees which accounted for \$190,423 or 29 percent of total governmental revenues of \$648,888. In 2005, tax revenues accounted for \$382,709 in revenue or 44 percent of all governmental revenues. Program specific revenues, were in the form of ambulance fees and membership fees which accounted for \$200,249 or 23 percent of total governmental revenues of \$871,038.
- The District in 2006 had \$600,960 in expenses related to governmental activities and in 2005, \$878,199.
- In 2006, net assets of the District increased by \$47,928 from the prior year. Cash and cash equivalents increased between 2005 and 2006, in that the District reduced their spending amounts on equipment and debt service. In 2005, net assets of the District decreased by \$7,161 from 2004. Although cash and cash equivalents decreased between 2004 and 2005, the District increased their spending amounts on equipment and debt service.

**Using these Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

**Report Components**

The *Statement of Net Assets* and *Statement of Activities* provide information about the cash activities of the whole District.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements look at the District's General Fund, which is the only fund the District maintains.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
UNAUDITED**

**Basis of Accounting**

The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the District's cash basis of accounting, receipts and disbursements are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

The statement of net assets and the statement of activities reflect how the District did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the District's general receipts.

These two statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you will also need to consider other non-financial factors as well, such as the District's tax base, the condition of the District's capital assets, and the reliance on local financial resources for operations.

In the Statement of Net Assets and the Statement of Activities, the District has only one kind of activity:

- Governmental Activities - All of the District's programs and services are reported here including salaries, fringe benefits, supplies, and debt service.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The District maintains only the General Fund.



**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
UNAUDITED**

**Governmental Fund** - All of the District's activities are reported in a governmental fund, which focuses on how money flows into and out of this fund and balances left at year-end available for spending in future periods. This fund is reported using the cash basis of accounting. The governmental fund financial statements provide a detailed *short-term view* of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2006 compared to 2005 on a cash basis:

(Table 1 )  
**Net Assets**

**Governmental Activities**

	<u>2006</u>	<u>2005</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$472,391	\$424,463
<b>Net Assets:</b>		
Unrestricted	\$472,391	\$394,960
Restricted – Other Purposes		29,503

Total net assets increased \$47,928 during 2006. The primary reason contributing to the increase in cash balance was as follows:

- As previously stated, the District purchased less equipment and had less debt service to retire in 2006 as compared to 2005 which accounts for the increase in net assets. The District paid off 2 loans (Building and Ambulance) in 2005.

Table 2 reflects the changes in net assets 2006 and 2005.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
UNAUDITED**

**(Table 2)  
Changes in Net Assets**

	Governmental Activities 2006	Governmental Activities 2005
<b>Receipts:</b>		
Program Revenues:		
Ambulance Fees	\$187,156	\$186,033
Membership Fees	3,267	14,216
Grants	5,500	
Total Program Revenues	195,923	200,249
General Receipts:		
Taxes	389,782	382,709
Grants		183,499
Earnings on Investments	19,423	7,487
Loan Proceeds	0	82,403
Miscellaneous	43,760	14,691
Total General Receipts	452,965	670,789
<b>Total Receipts</b>	<b>\$648,888</b>	<b>\$871,038</b>
<b>Disbursements:</b>		
Salaries & Benefits	\$341,834	\$352,628
Equipment	39,654	68,321
Training	5,159	7,153
Supplies	14,628	8,418
Maintenance-Equipment/Building	20,610	25,155
Utilities	19,445	18,297
Insurance	51,960	57,086
Other Expenses	52,843	64,607
Debt Service – Principal & Interest Payments	33,770	155,231
Capital Improvements	21,057	121,303
<b>Total Disbursements</b>	<b>600,960</b>	<b>878,199</b>
Increase/Decrease in Net Assets	47,928	(7,161)
Net Assets, January 1	424,463	431,624
Net Assets, December 31	\$472,391	\$424,463

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
UNAUDITED**

**Governmental Activities**

Program receipts represent 30 percent of total receipts and are represented mainly by Ambulance and Membership Fees, in 2006 and for 22 percent for these same fees in 2005. In 2005, the District also received an EMS Training Course Grant and an Ohio Public Safety Grant, which are also reported under program receipts

General receipts represent 70 percent of the District' total receipts in 2006 and 2005, and of this amount the majority is from taxes. The balance is made up of miscellaneous receipts and interest earned. In 2005, the District received monies from the Federal Emergency Management Agency for its Post Hurricane Katrina relief work. Also in 2005, the District received loan proceeds used to acquire a new ambulance.

The major program disbursements for governmental activities are for salaries and fringe benefits which account for \$341,834 and 57% of all governmental disbursements, respectively, in 2006, and \$352,628 and 40% in 2005. Debt Service, Capital Outlay, Other Expenses and Insurance also represent a significant cost to the District.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and ambulance & membership fees. The net cost of services identifies the cost of those services supported by tax receipts, grants, earnings on investments and miscellaneous revenues. A comparison between the total cost of services and the net cost is presented in Table (3).

(Table 3)

**Governmental Activities**

<b>Governmental Activities</b>	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Salaries & Benefits	\$341,834	(\$192,108)	\$352,628	(\$254,031)
Equipment	39,654	(34,154)	68,321	14,144
Training	5,159	(5,159)	7,153	(5,703)
Supplies	14,628	(11,361)	8,418	(8,418)
Maintenance- Equipment/Building	20,610	(20,610)	25,155	(25,155)
Utilities	19,445	(19,445)	18,297	(18,297)
Insurance	51,960	(36,988)	57,086	(57,086)
Other Expenses	73,900	(51,442)	64,607	(50,391)
Capital Outlay			121,303	(64,291)
Debt Service:				
Principal Retirement	31,202	(31,202)	151,921	(151,921)
Interest and Fiscal Charges	2,568	(2,568)	3,310	(3,310)
<b>Total Expenses</b>	<b>\$600,960</b>	<b>(\$405,037)</b>	<b>\$878,199</b>	<b>(\$624,459)</b>

The dependence on the Tax monies and Ambulance fees is apparent as the majority of the District's Operations are supported through these receipts.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
UNAUDITED**

***The District's Funds***

Information about the District's General Fund starts on page 11. This fund is accounted for using the cash basis of accounting. The governmental fund had total revenues of \$648,888 and expenditures of \$600,960, in 2006 and for 2005, revenues of \$871,038 and expenditures of \$878,199. The net change in fund balance for the year was increased by \$47,928 for fiscal year 2006 and decreased by \$7,161 in 2005. Revenues decreased in 2006 from the prior year, by \$222,150 and expenditures decreased by \$277,239 from the previous year.

***General Fund Budgeting Highlights***

The District's budget is prepared according to the by-laws established by the District and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The only budgeted fund is the General Fund.

Final disbursements, in 2006 were budgeted at \$711,000 while actual disbursements were \$600,960. Actual General Fund receipts were more than disbursements by \$47,928 in 2006. Final disbursements, in 2005 were budgeted at \$928,378 while actual disbursements were \$907,702, of which \$29,503 was encumbrances. Actual General Fund receipts showed a decrease of \$36,664 over expenditures in 2005.

***Contacting the District's Financial Management***

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Executive Director at Jefferson Emergency Rescue District, P.O. Box 294, Jefferson, Ohio 44047.

**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$472,391</u>
<i>Total Assets</i>	<u><u>\$472,391</u></u>
<b>Net Assets</b>	
Unrestricted	<u>472,391</u>
<i>Total Net Assets</i>	<u><u>\$472,391</u></u>

See accompanying notes to the basic financial statements

**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Salaries & Benefits	\$341,834	\$ 149,726		(\$192,108)
Equipment	39,654		\$5,500	(34,154)
Training	5,159			(5,159)
Supplies	14,628	3,267		(11,361)
Maintenance-Equipment/Building	20,610			(20,610)
Utilities	19,445			(19,445)
Insurance	51,960	14,972		(36,988)
Other Expenses	73,900	22,458		(51,442)
Debt Service:				
Principal Retirement	31,202			(31,202)
Interest and Fiscal Charges	2,568			(2,568)
<i>Total Governmental Activities</i>	<u>\$600,960</u>	<u>\$190,423</u>	<u>\$5,500</u>	(\$405,037)
		<b>General Receipts</b>		
		Property Taxes Levied for:		
		General Purposes		\$389,782
		Interest		19,423
		Miscellaneous		43,760
		<i>Total General Receipts</i>		<u>452,965</u>
		Change in Net Assets		47,928
		<i>Net Assets Beginning of Year</i>		<u>424,463</u>
		<i>Net Assets End of Year</i>		<u><u>\$472,391</u></u>

See accompanying notes to the basic financial statements

**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Fund*  
*December 31, 2006*

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	General
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$472,391
<i>Total Assets</i>	\$472,391
 <b>Fund Balances</b>	
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	472,391
<i>Total Fund Balances</i>	\$472,391

See accompanying notes to the basic financial statements

**Jefferson Emergency Rescue District  
Ashtabula County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Fund  
For the Year Ended December 31, 2006*

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	<u>General</u>
<b>Receipts</b>	
Property and Other Local Taxes	\$354,448
Charges for Services	187,156
Membership Fees	3,267
Intergovernmental	40,834
Interest	19,423
Other	43,760
	<hr/>
<i>Total Receipts</i>	648,888
	<hr/>
<b>Disbursements</b>	
Current:	
Salaries and Benefits	341,834
Equipment	39,654
Training	5,159
Supplies	14,628
Maintenance-Equipment/Building	20,610
Insurance	51,960
Utilities	19,445
Capital Outlay	21,057
Debt Service:	
Principal Retirement and Interest	33,770
Miscellaneous	52,843
	<hr/>
<i>Total Disbursements</i>	600,960
	<hr/>
<i>Excess of receipts Over (Under) Disbursements</i>	47,928
	<hr/>
<i>Fund Balances Beginning of Year</i>	424,463
	<hr/>
<i>Fund Balances End of Year</i>	\$472,391
	<hr/> <hr/>

See accompanying notes to the basic financial statements



**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Taxes	\$383,806	\$348,472	\$354,448	\$5,976
Intergovernmental	5000	40,334	40,834	500
Charges for Services	160,000	160,000	187,156	27,156
Memberships	15,000	15,000	3,267	(11,733)
Interest			19,423	19,423
Miscellaneous	20,000	20,000	43,760	23,760
<i>Total receipts</i>	<u>583,806</u>	<u>583,806</u>	<u>648,888</u>	<u>65,082</u>
<b>Disbursements</b>				
Current:				
Salaries and Benefits	360,000	360,000	341,834	18,166
Equipment	40,000	40,000	39,654	346
Training	10,000	10,000	5,159	4,841
Supplies	20,000	20,000	14,628	5,372
Maintenance-Equipment/Building	55,000	55,000	20,610	34,390
Insurance	70,000	70,000	51,960	18,040
Utilities	25,000	25,000	19,445	5,555
Capital Improvements	20,000	27,500	21,057	6,443
Debt Service - Principal & Interest	37,000	37,000	33,770	3,230
Miscellaneous	74,000	66,500	52,843	13,657
<i>Total Disbursements</i>	<u>711,000</u>	<u>711,000</u>	<u>600,960</u>	<u>110,040</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(127,194)</u>	<u>(127,194)</u>	<u>47,928</u>	<u>(44,958)</u>
<i>Net Change in Fund Balance</i>	<u>(127,194)</u>	<u>(127,194)</u>	<u>47,928</u>	<u>(44,958)</u>
<i>Fund Balance Beginning of Year</i>	394,960	394,960	394,960	0
<i>Prior Year Encumbrances Appropriated</i>	<u>29,503</u>	<u>29,503</u>	<u>29,503</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$297,269</u>	<u>\$297,269</u>	<u>\$472,391</u>	<u>(\$44,958)</u>

See accompanying notes to the basic financial statements

**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2005*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$424,463</u>
<i>Total Assets</i>	<u><u>\$424,463</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	29,503
Unrestricted	<u>394,960</u>
<i>Total Net Assets</i>	<u><u>\$424,463</u></u>

See accompanying notes to the basic financial statements

**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2005*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Salaries & Benefits	\$352,628	\$98,597		(\$254,031)
Equipment	68,321	30,424	\$52,041	14,144
Training	7,153		1,450	(5,703)
Supplies	8,418			(8,418)
Maintenance-Equipment/Building	25,155			(25,155)
Utilities	18,297			(18,297)
Insurance	57,086			(57,086)
Other Expenses	64,607	14,216		(50,391)
Capital Outlay	121,303	57,012		(64,291)
Debt Service:				
Principal Retirement	151,921			(151,921)
Interest and Fiscal Charges	3,310			(3,310)
<b>Total Governmental Activities</b>	<b>\$878,199</b>	<b>\$200,249</b>	<b>\$53,491</b>	<b>(\$624,459)</b>
		<b>General Receipts</b>		
		Property Taxes Levied for:		
		General Purposes		\$382,709
		Grants not Restricted to Specific Programs		130,008
		Interest		7,487
		Loan Proceeds		82,403
		Miscellaneous		14,691
		<b>Total General Receipts</b>		<b>617,298</b>
		Change in Net Assets		(7,161)
		<b>Net Assets Beginning of Year</b>		<b>431,624</b>
		<b>Net Assets End of Year</b>		<b>\$424,463</b>

See accompanying notes to the basic financial statements

**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Fund*  
*December 31, 2005*

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	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$424,463</u>
<i>Total Assets</i>	<u><u>424,463</u></u>
<b>Fund Balances</b>	
Reserved:	
Reserved for Encumbrances	29,503
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	<u>394,960</u>
<i>Total Fund Balances</i>	<u><u>\$424,463</u></u>

See accompanying notes to the basic financial statements

**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Fund*  
*For the Year Ended December 31, 2005*

	General
<b>Receipts</b>	
Property and Other Local Taxes	\$382,709
Charges for Services	186,033
Membership Fees	14,216
Intergovernmental	183,499
Interest	7,487
Other	14,691
	788,635
 <b>Disbursements</b>	
Current:	
Salaries and Benefits	352,628
Equipment	68,321
Training	7,153
Supplies	8,418
Maintenance-Equipment/Building	25,155
Insurance	57,086
Utilities	18,297
Capital Outlay	6,690
Debt Service:	
Principal Retirement and Interest	276,534
Miscellaneous	57,917
	878,199
<i>Total Disbursements</i>	<i>878,199</i>
 <i>Excess of Receipts Over (Under) Disbursements</i>	 <i>(89,564)</i>
 <b>Other Financing Sources (Uses)</b>	
Notes Issued	82,403
	82,403
<i>Total Other Financing Sources (Uses)</i>	<i>82,403</i>
 <i>Net Change in Fund Balances</i>	 <i>(7,161)</i>
 <i>Fund Balances Beginning of Year</i>	 <i>431,624</i>
 <i>Fund Balances End of Year</i>	 <i>\$424,463</i>

See accompanying notes to the basic financial statements

**Jefferson Emergency Rescue District**  
**Ashtabula County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Taxes	\$391,686	\$391,686	\$382,709	(\$8,977)
Intergovernmental	0	50,000	183,499	133,499
Charges for Services	135,000	173,558	186,033	12,475
Memberships	5,000	5,000	14,216	9,216
Interest			7,487	7,487
Miscellaneous	5,000	17,860	14,691	(3,169)
<i>Total receipts</i>	<u>536,686</u>	<u>638,104</u>	<u>788,635</u>	<u>150,531</u>
<b>Disbursements</b>				
Current:				
Salaries and Benefits	319,326	358,250	352,628	5,622
Equipment	20,000	94,776	92,306	2,470
Training	7,000	7,475	7,328	147
Supplies	10,000	11,942	10,360	1,582
Maintenance-Equipment/Building	20,000	27,000	25,155	1,845
Insurance	55,000	60,000	57,086	2,914
Utilities	25,000	20,000	18,297	1,703
Capital Improvements	7,500	10,250	9,440	810
Debt Service - Principal & Interest	80,000	276,534	276,534	0
Miscellaneous	52,000	62,151	58,568	3,583
<i>Total Disbursements</i>	<u>595,826</u>	<u>928,378</u>	<u>907,702</u>	<u>20,676</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Notes	0	82,403	82,403	0
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(59,140)</u>	<u>(207,871)</u>	<u>(36,664)</u>	<u>129,855</u>
<i>Net Change in Fund Balance</i>	(59,140)	(207,871)	(36,664)	129,855
<i>Fund Balance Beginning of Year</i>	<u>431,624</u>	<u>431,624</u>	<u>431,624</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$372,484</u>	<u>\$223,753</u>	<u>\$394,960</u>	<u>\$129,855</u>

See accompanying notes to the basic financial statements

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

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**Note 1 – Reporting Entity**

The Jefferson Emergency Rescue District, Ashtabula County, Ohio (the District), is a body politic and corporate established under Section 505.71 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Trustees. Each political subdivision within the District appoints one member. Those subdivisions are Jefferson Township and the Village of Jefferson.

**A. Primary Government**

The District provides rescue services within the District and by mutual agreements to areas outside the District

The District's management believes these financial statements present all activities for which the District is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

**Fund Financial Statements**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is represented in a separate column. The District's only major fund is the General Fund and there were no other funds maintained by the District.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

Operating receipts generally result from exchange transactions such as charges for services directly relating to the General funds' principal services. Operating disbursements include costs of services and administrative costs.

**B. Fund Accounting**

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The District maintained a governmental fund only.

**Governmental Funds**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's only major governmental fund is the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**C. Basis of Accounting**

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

The General Fund is legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations ordinance is the District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the fund and object level for the General Fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.



**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled and invested. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest receipts credited to the General Fund during 2006 and 2005 was \$19,423 and \$7,487 respectively.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no restricted assets in 2006, but there were \$29,503 in 2005.

**G. Inventory and Prepaid Items**

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**I. Accumulated Leave**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay expenditure are reported at inception.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The District had \$29,503 in restricted net assets in 2005.

M. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**Note 3 – Accountability and Compliance**

A. Accountability

The District had no deficit fund balances in 2006 and 2005.

B. Compliance

The District had one significant compliance violation as reported in the Schedule of Findings involving Ohio Revised Code Section 117.28.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$29,503 for the general fund in 2005.

**Note 5 – Deposits and Investments**

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**Note 5 – Deposits and Investments (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement
4. by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
5. Bonds and other obligations of the State of Ohio or Ohio local governments;
6. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
7. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
8. The State Treasurer's investment pool (STAR Ohio).

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At 2006 year end, \$306,838 of the District's bank balance of \$479,079 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. At 2005 year end, \$244,285 of the District's bank balance of \$431,945 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all District operations for the year ended December 31, 2006, was \$4.5 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property		
Residential & Agricultural	\$	71,381,940
Commercial/Industrial/Mineral		24,252,410
Tangible Personal Property		14,185,230
Public Utility/Real & Personal		4,396,840
Total Assessed Value	\$	<u>114,216,420</u>

**Note 7 – Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 7 – Risk Management (Continued)**

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005.

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	\$15,122,127	\$13,725,507

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	\$4,262,163	\$3,375,087

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**Note 7 – Risk Management (Continued)**

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$31,068. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
2004	\$13,019
2005	\$13,030
2006	\$15,534

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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**Note 8 – Defined Benefit Pension Plan (Continued)**

For the years ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9 and 8.5 percent respectively of their annual covered salaries. The District's contribution rate for pension benefits for 2006 and 2005 was 9.55 percent. The employer contribution rates for pension benefits for 2006 and 2005 were 13.7 percent and 9.55 percent respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$40,666, \$41,654, and \$40,354 respectively. The full amount has been contributed for 2006, 2005 and 2004. The District did not have any participants in the member directed plan.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rates were 13.7 percent and 13.55 percent respectively, of covered payroll; 4.50 percent in 2006 and 4 percent in 2005 of covered payroll were the portions that were used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005 include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$12,132 and \$13,833, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 10 - Notes Payable**

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Governmental Activities</u>					
<u>Tax Anticipation Notes</u>					
2003 Issue	2.89%	\$73,476	\$	\$37,675	\$45,801

The notes were issued for the purpose of purchasing a new ambulance. The tax anticipation note is backed by the full faith and credit of the District and matures in July of 2008.

The following is a summary of the District's future annual debt service requirements including interest:

<b>Year</b>	Tax Anticipation Notes
2007	\$23,872
2008	23,872
<b>Total</b>	<b>\$47,744</b>





# Mary Taylor, CPA

Auditor of State

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

Jefferson Emergency Rescue District  
Ashtabula County  
PO Box 294.  
Jefferson, Ohio 44047

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Jefferson Emergency Rescue District, Ashtabula County, (the District) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 21, 2008 wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-002 and 2006-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2006-002 and 2006-003 are also material weaknesses.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated April 21, 2008.

#### **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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 21, 2008.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the Board of Trustees and management. We intend it for no one other than these specified parties

**Mary Taylor, CPA**  
Auditor of State

April 21, 2008

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Finding for Recovery – Subsequent Event**

On November 13, 2007, the Board of Trustees of the Jefferson Emergency Rescue District passed a resolution approving longevity pay for full and part-time Rescue District personnel. The resolution provided that longevity pay would be paid at the following rates:

- Full-time District employees - \$100/year, with a lifetime cap of \$1,500
- Part-time District employees - \$50/year, with a lifetime cap of \$1,000.

This resolution, although passed in 2007, provided that the longevity pay was to be retroactive.

The former Executive Director, Julie Stainfield, had been either a part-time or full-time employee with the District off and on since 1991. Based on the resolution referenced above, and her work history with the District, Ms. Stainfield is entitled to \$1,250 of longevity pay as of this date. Ms. Stainfield, however, was paid \$1,500 of longevity pay. As stated above, Ms. Stainfield is only eligible for \$1,250 of longevity pay as of this date. This resulted in an overpayment of \$250.

In accordance with the foregoing facts and pursuant to **Ohio Revised Code § 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Julie Stainfield, former Executive Director, and Glazier Insurance Agency, her bonding company, jointly and severally, in the amount of \$250 and in favor of Jefferson Emergency Rescue District, Ashtabula County, General Fund, in the amount of \$250.

**Official's Response:**

We have been in contact with our legal representative on this finding.

**FINDING NUMBER 2006-002**

**Monitoring Controls - Material Weakness**

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational, legal compliance, and financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action. Monitoring controls should assist management in detecting material misstatements in the financial or other information presented.

The District has not implemented an effective monitoring control system which would assist management in detecting material misstatements in financial data and other information. The following were key monitoring controls that were not being done on a regular basis by the Board of Trustees:

- Monthly review of budget and actual activity including required submission of budgetary reports; which acceptance should be noted in the Minutes.
- Monthly review of unusual or significant items on the bank-to-book reconciliations, such as long outstanding checks or deposits.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-002  
(Continued)**

**Monitoring Controls - Material Weakness**

- Monthly financial reports presented by the Executive Director at monthly Board meetings, which acceptance should be noted in the Minutes.
- Managements preparation of analytics or a comparable mechanism to identify unusual and/or significant fluctuations in the cash journal and receipt and appropriation ledgers.

The District should develop and implement the above monitoring controls that would help prevent material misstatements or misappropriations of assets from occurring. Board reviews and approvals of monthly financial data are key indicators that errors or irregularities would be detected on a timely basis, and also provides a check and balance system between management and the Board that the District is operating effectively.

**Official's Response:**

We have instituted a new policy as to the money handling. We have assigned two employees, the Director and the EMS Captain to receive money along with the newly hired Clerk/Secretary, as a means of following all incoming funds. The Board will review this procedure monthly.

**FINDING NUMBER 2006-003**

**Segregation of Duties and Policies - Material Weakness**

When designing the District's system of internal control and the specific control activities, the Board and management should consider the following:

- Ensure that all transactions are properly authorized in accordance with Board policies.
- Ensure that accounting records are properly designed.
- Ensure adequate security of assets and records.
- Plan for adequate segregation of duties or compensating controls.
- Ensure supervisory approval of payroll data, expenditures and revenue collection for employees, and Board approvals of all supervisory related payrolls, expenditures and banking information.

The small size of the District does not allow for an adequate segregation of duties. The Executive Director performed all of the accounting functions for the audit period. For each regular Board meeting, the Executive Director only provides the Board with a listing of bills. While the Board approves all payments, there is no documentation of the extent to which the Board uses other financial information to monitor the District's accounting system, including adequate monitoring of same. The Rules and Regulations Manual was implemented by the Board and Executive Director to establish guidelines for the District to operate by. New Policies were not always incorporated into the Rules and Regulation Manual with the effective date, nor were copies the Manual acknowledged and read by the employees.

Without an adequate segregation of duties in small governments, errors might not be detected in a timely manner or assets could be diverted without Board's knowledge. Without the Rules and Regulations Manual being acknowledged as reviewed or updated, Board enacted procedures could be ignored or not implemented.

**JEFFERSON EMERGENCY RESCUE DISTRICT  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-003  
(Continued)**

**Segregation of Duties and Policies - Material Weakness**

We recommend that the Board of Trustees carefully review this matter and create a control environment which supports the continued integrity of the District's fiscal operations. In addition, this control environment should include procedures that include, but are not limited to the following:

- The Board should review the cash journal and receipt and appropriation ledgers and sign off on same. The review should ensure that transactions are posted to the appropriate line item and that totals of the cash journal and receipt and appropriation ledgers are compared;
- The Board should review vouchers with supporting invoices and match same to the List of Bills that are presented for payment.
- The Board should review purchase orders and purchase orders should contain at least two of the Trustees signatories for approval.
- Budgetary and Payroll checks should contain the signatories of at least two Trustees along with the Executive Director's. Leave forms should be required to be completed and approved by the Board or designee, and accumulative balances monitored by someone outside the payroll system.
- Policies passed in the Minutes should be incorporated into the Rules and Regulations Manual. The current Manual should be revisited, and determined by the Board if the policies currently in place need to be updated or enforced, such as, but not limited to, the hours of work for the Executive Director, overtime, compliance with licensing laws for paramedics, allowable bank accounts and the duties or job descriptions of the management and staff. Policies that have been implemented should be applied uniformly to all employees if necessary, such as payment in lieu of hospitalization. All policies of the Board should be provided to each employee and their acknowledgment contained in their personnel file.

Oversight by the Board in small governments is a key control to help insure that misappropriation of assets will be detected in a timely manner and financial accountability will be enhanced. The Rules and Regulations Manual should be the guidance the Board uses to enact its policies and provide direction in the operation of the District.

**Official's Response:**

The cash journal will be reviewed monthly by the Board. The Board has hired a Clerk/Secretary to assist the Director and audit the Director's work. The Board will review this then for accountability. All vouchers and invoices will be and are presented to the Board with bills. We have already received new checks requiring 2 signatures and will increase that to 3 signatures, two Board Members and the Director. We will also require two signatures on the purchase orders. All corrections will be noted in the Minutes for future Boards to refer to. We have set checks and balances in place, such as the payroll report carries the vacation information and always had. The previous Director did not enter her vacation time in the program. We are in the process of rewriting the Rules and Regulations manual and By-Laws. When we are finished, we will have our attorney check it for compliance with the ORC. When we have accepted the revised rules, all employees will get a copy and an acknowledgement will be in their personal file.