



**Auditor of State  
Betty Montgomery**



**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

JSP Fire District  
Champaign County  
P.O. Box 648  
St. Paris, Ohio 43072

To the Board of Trustees:

We have audited the accompanying financial statements of the JSP Fire District (the "District") as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the District as of December 31, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 7, 2004

**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	<u>Fiduciary Fund</u>	
<b>Cash Receipts:</b>				
Real Estate Tax	\$104,176			\$104,176
Personal Property Tax	60,401			60,401
Fire Contracts	31,500			31,500
Rollbacks	12,648			12,648
Interest	2,345			2,345
Gifts and Donations			28,481	28,481
Other	1,911			1,911
	<u>212,981</u>		<u>28,481</u>	<u>241,462</u>
<b>Cash Disbursements:</b>				
Current:				
Salary/Clerk	3,000			3,000
Employer's PERS	3,718			3,718
Employer's SS	672			672
Employer's Medicare	244			244
Workers Comp	325			325
Aud./Treas. Fees	5,570			5,570
Insurance	8,960			8,960
Supplies - Admin.	438			438
Other Exoense	1,702			1,702
M.B. Repairs	1,535			1,535
M.B. Utilities/Communications	3,030			3,030
M.B. Supplies/Materials	984			984
Salary/Fire Fighters	34,754			34,754
Equipment Repairs	7,152			7,152
Supplies	8,937			8,937
Other - Training	1,962			1,962
Equipment/Tools	23,900			23,900
Donation to Ladies Auxiliary			8,481	8,481
Debt Service:				
Redemption of Principal		23,352		23,352
Interest		40		40
	<u>106,883</u>	<u>23,392</u>	<u>8,481</u>	<u>138,756</u>
Total Receipts Over/(Under) Disbursements	<u>106,098</u>	<u>(23,392)</u>	<u>20,000</u>	<u>102,706</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		23,392		23,392
Transfers-Out	(23,392)			(23,392)
	<u>(23,392)</u>	<u>23,392</u>		
Total Other Financing Receipts/(Disbursements)	<u>(23,392)</u>	<u>23,392</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>82,706</u>		<u>20,000</u>	<u>102,706</u>
Fund Cash Balances, January 1	<u>221,989</u>			<u>221,989</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$304,695</u></u>	<u><u>\$0</u></u>	<u><u>\$20,000</u></u>	<u><u>\$324,695</u></u>

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

**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$1,276
<b>Operating Cash Disbursements:</b>	
Supplies	<u>3,130</u>
Operating (Loss)	(1,854)
Fund Cash Balance, January 1	<u>63,905</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$62,051</u></u>

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



**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

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

<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$4,331
<b>Operating Cash Disbursements</b>	<u>                    </u>
Operating Income	4,331
Fund Cash Balance, January 1	<u>59,574</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$63,905</u></u>

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

**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

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

<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$4,331
<b>Operating Cash Disbursements</b>	<u>                    </u>
Operating Income	4,331
Fund Cash Balance, January 1	<u>59,574</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$63,905</u></u>

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

**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The JSP Fire District, Champaign County, (the "District"), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board of Trustees. Johnson Township has three members and the Village of St. Paris has one member on the Board with the last member being appointed at-large. The District provides fire protection within the District and by contract to areas outside the District.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost. Purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Debt Service Funds**

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

**Note Retirement Fund** – The fund receives transfers from the General Fund which are used to pay debt on a fire truck.

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the District to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The District had the following significant Fiduciary Funds.

**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

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

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

**Bayse Expendable Trust Fund** – This fund received a donation in 2003 to be used for general purposes of the District.

**Barger Nonexpendable Trust Fund** – This fund receives interest income from the donated principal. The income is to be used for the general purposes of the District.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted 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. The District did not use the encumbrance method of accounting.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

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

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$331,746	\$230,857
Certificates of deposit	55,000	55,037
Total deposits	<u>\$386,746</u>	<u>\$285,894</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the District.

**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

**2003 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$189,900	\$212,981	\$23,081
Debt Service	100,000	23,392	(76,608)
Expendable Trust		28,481	28,481
Nonexpendable Trust	2,000	1,276	(724)
Total	<u>\$291,900</u>	<u>\$266,130</u>	<u>(\$25,770)</u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$296,500	\$130,275	\$166,225
Debt Service	100,000	23,392	76,608
Expendable Trust		8,481	(8,481)
Nonexpendable Trust	6,000	3,130	2,870
Total	<u>\$402,500</u>	<u>\$165,278</u>	<u>\$237,222</u>

**2002 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$174,000	\$191,683	\$17,683
Debt Service	100,000	76,634	(23,366)
Nonexpendable Trust	2,000	4,331	2,331
Total	<u>\$276,000</u>	<u>\$272,648</u>	<u>(\$3,352)</u>

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$273,311	\$166,445	\$106,866
Debt Service	100,000	76,634	23,366
Nonexpendable Trust	2,000		2,000
Total	<u>\$375,311</u>	<u>\$243,079</u>	<u>\$132,232</u>

During 2003, the District's Expendable Trust Fund had expenditures greater than appropriations which violated Ohio Rev. Code Section 5705.41(B).

**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Homestead and Rollback Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**5. RETIREMENT SYSTEMS**

The Clerk and some fire fighters belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The remainder of the fire fighters belong to Social Security.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for OPERS. The Board's liability is 6.2 percent of wages paid for social security. The District has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles

The District is uninsured for the following risks:

- Errors and omissions.



## **Auditor of State Betty Montgomery**

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

JSP Fire District  
Champaign County  
P.O. Box 648  
St. Paris, Ohio 43072

To the Board of Trustees:

We have audited the accompanying financial statements of the JSP Fire District, Champaign County, (the "District"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 7, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated October 7, 2004.

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

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated October 7, 2004.

This report is intended solely for the information and use of the management, and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 7, 2004



**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 and 2002**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2003-001**

**Noncompliance**

**Ohio Rev. Code Section 5705.41 (B)** states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

During 2003, the Expendable Trust Fund had expenditures of \$8,481 with no amount appropriated for this fund, which resulted in expenditures greater than appropriations.

The Trustees should implement monitoring procedures to help identify potential violations of this compliance requirement and to reduce the risk of deficit spending.

**FINDING NUMBER 2003-002**

**Noncompliance**

**Ohio Rev. Code Section 5705.41 (D)** states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

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

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

Amounts less than \$3,000, effective April 7, 2003, for fire districts may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

One hundred percent of the expenditures were not certified by the Fiscal Officer prior to making orders for the expenditure of District funds. In addition, neither of the two exceptions above was utilized for these transactions. Procedures should be implemented not only to help ensure compliance with this requirement, but to help prevent the unauthorized obligation of District funds.

**JSP FIRE DISTRICT  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 and 2002**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <u>Explain:</u>
2001-40311-001	ORC Sec. 5705.41(D) - Prior certification of funds by fiscal officer	No	Repeated as finding 2003-002



**Auditor of State  
Betty Montgomery**

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**JSP FIRE DISTRICT  
CHAMPAIGN 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  
NOVEMBER 18, 2004**