



**Auditor of State
Betty Montgomery**

**CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORTS

Clinton South Joint Fire District
Clinton County
111 South Broadway
Midland, Ohio 45148

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton South Joint Fire District, Clinton County, Ohio (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 combined fund cash balances of the District, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 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

April 12, 2004

**CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$30,353		\$30,353
Intergovernmental	3,219	\$4,886	8,105
Charges for Services	25,860		25,860
Miscellaneous	4,061		4,061
	<u>63,493</u>	<u>4,886</u>	<u>68,379</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	42,630	4,148	46,778
	<u>42,630</u>	<u>4,148</u>	<u>46,778</u>
Total Receipts Over Disbursements	20,863	738	21,601
Fund Cash Balances, January 1	26,434	1,803	28,237
Fund Cash Balances, December 31	<u><u>\$47,297</u></u>	<u><u>\$2,541</u></u>	<u><u>\$49,838</u></u>

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

**CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$29,530		\$29,530
Intergovernmental	3,255	\$12,592	15,847
Charges for Services	16,000		16,000
Miscellaneous	795		795
	<u>49,580</u>	<u>12,592</u>	<u>62,172</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	<u>43,819</u>	<u>10,789</u>	<u>54,608</u>
Total Cash Disbursements	<u>43,819</u>	<u>10,789</u>	<u>54,608</u>
Total Receipts Over Disbursements	5,761	1,803	7,564
Fund Cash Balances, January 1	<u>20,673</u>	<u>0</u>	<u>20,673</u>
Fund Cash Balances, December 31	<u><u>\$26,434</u></u>	<u><u>\$1,803</u></u>	<u><u>\$28,237</u></u>

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

**CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clinton South Joint Fire District, Clinton County, Ohio (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed two-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the Village of Midland and Jefferson Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

B. Basis of Accounting

These financial statements follow the basis of accounting 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

The District's funds are deposited in a checking account with a local commercial bank.

D. Fund Accounting

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

1. General Fund

The General Fund 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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Fire Equipment Fund – this fund receives grant moneys and donations that will be used to purchase equipment.

**CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 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 cash pool of deposits 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	<u>\$49,838</u>	<u>\$28,237</u>

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

**CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON COUNTY**

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,862	\$63,493	\$18,631
Special Revenue	0	4,886	4,886
Total	\$44,862	\$68,379	\$23,517

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$61,292	\$42,630	\$18,662
Special Revenue	1,803	4,148	(2,345)
Total	\$63,095	\$46,778	\$16,317

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,754	\$49,580	\$19,826
Special Revenue	0	12,592	12,592
Total	\$29,754	\$62,172	\$32,418

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,610	\$43,819	\$2,791
Special Revenue	0	10,789	(10,789)
Total	\$46,610	\$54,608	(\$7,998)

For the fiscal year 2003, expenditures exceeded appropriations for \$2,345 in the Special Revenue fund and for the fiscal year 2002, expenditures exceeded appropriations by \$10,789 in the Special Revenue fund.

4. PROPERTY TAX

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

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

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

**CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON COUNTY**

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

5. RETIREMENT SYSTEMS

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Clinton South Joint Fire District has obtained commercial insurance for the following risks:

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



**Auditor of State
Betty Montgomery**

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

Clinton South Joint Fire District
Clinton County
111 South Broadway
Midland, Ohio 45148

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton South Joint Fire District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 12, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2003-001.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003- 001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a certain matter involving the internal control structure over financial reporting that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated April 12, 2004.

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

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

Betty Montgomery
Auditor of State

April 12, 2004

CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON COUNTY

SCHEDULE OF FINDINGS
FISCAL YEAR END DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. For the fiscal year 2003, expenditures exceeded appropriations for \$2,345 in the Special Revenue fund and for the fiscal year 2002, expenditures exceeded appropriations by \$10,789 in the Special Revenue fund. Failure to appropriate expenditures could result in overspending. We recommend the District appropriate for all expenditures and amend appropriations before expenditures are made.

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**CLINTON SOUTH JOINT FIRE DISTRICT
CLINTON 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 Longer Valid; <i>Explain:</i>
2001-30414-001	Material Noncompliance Expenditures exceeding appropriations. Expenditures from the special revenue fund were not appropriated.	No.	Not corrected, finding reissued. Finding number 2003-001.



**Auditor of State
Betty Montgomery**

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CLINTON SOUTH JOINT FIRE DISTRICT

CLINTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 1, 2004**