



**Auditor of State
Betty Montgomery**

**HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT
HIGHLAND COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Highland County North Joint Fire District
Highland County
P.O. Box 544
Leesburg, Ohio 45135

To the Board of Trustees:

We have audited the accompanying financial statements of Highland County North Joint Fire District, Highland 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.

The District's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the District because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described 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 March 30, 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

March 30, 2004

**HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT
HIGHLAND COUNTY**

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

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$132,921	\$0	\$132,921
Intergovernmental	\$27,385	0	27,385
Charges for Services	48,651	0	48,651
Earnings on Investments	4,897	392	5,289
Miscellaneous	1,219	0	1,219
Total Cash Receipts	215,072	392	215,465
Cash Disbursements:			
Current:			
Public Safety	172,676		172,676
Total Cash Disbursements	172,676	0	172,676
Total Receipts Over Disbursements	42,396	392	42,788
Other Financing Receipts:			
Proceeds from Sale of Notes	0	1,000,000	1,000,000
Total Other Financing Receipts	0	1,000,000	1,000,000
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	42,396	1,000,392	1,042,788
Fund Cash Balances, January 1	176,578	0	176,578
Fund Cash Balances, December 31	\$218,974	\$1,000,392	\$1,219,367

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

**HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General
Revenue Receipts:	
Local Taxes	\$128,518
Intergovernmental	28,634
Charges for Services	40,640
Earnings on Investments	8,784
Miscellaneous	12,867
Total Cash Receipts	219,444
Expenditure Disbursements:	
Current:	
Public Safety	167,623
Debt Service:	
Redemption of Principal	7,494
Interest	440
Total Cash Disbursements	175,557
Total Receipts Over Disbursements	43,887
Fund Cash Balances, January 1	132,691
Fund Cash Balances, December 31	\$176,578

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

**HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Highland County North Joint Fire District, Highland County, Ohio (the District), is a body corporate and politic established in March 1996 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 five-member Board of Trustees. One board member is appointed by each political subdivision within the District and two at large members are appointed by District members. Those subdivisions are: the Village of Leesburg, Village of Highland and Fairfield 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 and Investments

The District funds are deposited in a "NOW" checking account, passbook savings account, StarOhio and certificates of deposits with a local commercial bank. Certificates of deposit are valued at cost. The District pools its cash for investment purposes to capture the highest rate of return.

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. Capital Project Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Fund:

Building Fund - This fund received proceeds of a note for the purpose of building a new fire and ambulance building.

**HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT
HIGHLAND 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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. However, the District had no material outstanding encumbrances at December 31, 2003 and 2002.

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 investments 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	\$207,267	\$138,872
Certificates of deposit	12,099	37,706
Total deposits	<u>219,366</u>	<u>176,578</u>
 STAR Ohio	 1,000,000	 0
Total investments	<u>1,000,000</u>	<u>0</u>
 Total deposits and investments	 <u>\$1,219,366</u>	 <u>\$176,578</u>

**HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT
HIGHLAND COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$193,545	\$215,072	\$21,527
Capital Projects	0	1,000,392	1,000,392
Total	\$193,545	\$1,215,464	\$1,021,919

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$218,400	\$172,676	\$45,724
Capital Projects	0	0	0
Total	\$218,400	\$172,676	\$45,724

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$178,951	\$219,443	\$40,492
Total	\$178,951	\$219,443	\$40,492

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$189,180	\$175,556	\$13,624
Total	\$189,180	\$175,556	\$13,624

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.

**HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT
HIGHLAND COUNTY**

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

4. PROPERTY TAX (Continued)

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. AMBULANCE BILLINGS

The Fire District contracts with Southern Ohio Professional Business Services (SOPBS) for the purpose of billing ambulance services to non-district residents. Invoices are remitted to individuals, private insurance, or Medicaid as applicable. Billing receipts are collected by SOPBS and deposited into the District's account. The District is billed monthly twenty-five cents per claim received, postage fee, and a fifteen percent commission for all claims received.

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bond Anticipation Note	<u>\$1,000,000</u>	2.10%

The Building Fund note proceeds will be used to build a new fire and ambulance building. The note matures December 16, 2004. The loan is collateralized solely by the District's taxing authority.

7. 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 post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2003 and from January 1, 2002 through December 31, 2002. The District has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Commercial Insurance

The Highland North 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*

Highland County North Joint Fire District
Highland County
P.O. Box 544
Leesburg, Ohio 45135

To the Board of Trustees:

We have audited the accompanying financial statements of Highland County North Joint Fire District, Highland County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 30, 2004, wherein we noted that the District's financial transactions were processed using the Auditor of State's Uniform Accounting System (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the District because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated March 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 30, 2004.

Highland County North Joint Fire District
Highland County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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

March 30, 2004

**HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40436-001	ORC, Section 5705.41 (D) - Expenditures were not properly certified or encumbered prior to incurring the obligation.	No	Partially Corrected. This issue is addressed in the 2003-2002 management letter.
2001-40436-002	The District did not have established procedures to determine the ambulance service billing and collection process.	Yes	

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**Auditor of State
Betty Montgomery**

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800-282-0370
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HIGHLAND COUNTY NORTH JOINT FIRE DISTRICT

HIGHLAND 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
MAY 6, 2004**