



**Auditor of State
Betty Montgomery**

Jefferson Emergency Rescue District
Ashtabula County
For the Year Ended December 31, 2004

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Auditor of State Betty Montgomery

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 of Jefferson Emergency Rescue District, Ashtabula County, Ohio (the District), as of and for the year ended December 31, 2004, 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 an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities of Jefferson Emergency Rescue District, Ashtabula County, Ohio, as of December 31, 2004, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the year 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 December 16, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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 is 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.

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

Betty Montgomery
Auditor of State

December 16, 2005

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
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 year ended December 30, 2004, 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 2004 are as follows:

Overall:

- Tax revenues accounted for \$419,562 in revenue or 68 percent of all governmental revenues. Program specific revenues, were in the form of ambulance fees and Membership fees which accounted for \$175,581 or 29 percent of total governmental revenues of \$614,151.
- The District had \$531,622 in expenses related to governmental activities.
- Net assets of the District increased by \$82,529 from the prior year. Although cash and cash equivalents decreased between 2003 and 2004, the District reduced 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* provides 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 YEAR ENDED DECEMBER 31, 2004
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 2004, 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.

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

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED**

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 2004 compared to 2003 on a modified cash basis:

**(Table 1)
Net Assets**

Governmental Activities

	<u>2004</u>	<u>2003</u>
Assets:		
Cash and Cash Equivalents	\$431,625	\$349,096
Net Assets:		
Restricted	110,925	
Unrestricted	320,700	349,096

Total net assets increased \$82,529 during 2004. 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 2004 which accounts for the increase in net assets.

Table 2 reflects the changes in net assets 2004. Since the District did not prepare financial statements according to this basis of accounting in the prior year, a comparative analysis of government-wide data was not presented. In future years, when prior year information is available, a comparative analysis will be presented.

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

	Governmental Activities 2004	Total 2003
Receipts:		
Program Revenues:		
Ambulance Fees	\$165,961	\$167,597
Membership Fees	9,620	4,475
Total Program Revenues	175,581	172,072
General Receipts:		
Taxes	419,552	418,258
Grants	9,755	9,262
Earnings on Investments	3,914	4,456
Loan Proceeds	0	110,396
Miscellaneous	5,339	11,812
Total General Receipts	438,570	554,184
Total Receipts	614,151	726,256

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED**

Disbursements:

Salaries & Benefits	299,145	267,484
Equipment	19,746	152,889
Training	2,842	5,268
Supplies	6,094	11,147
Maintenance-Equipment/Building	10,709	5,529
Utilities	15,553	13,666
Insurance	45,095	35,224
Other Expenses	39,263	45,905
Debt Service – Principal Payments	84,431	206,122
Debt Service – Interest Payments	8,745	14,903
Total Disbursements	531,622	758,137
Increase/Decrease in Net Assets	82,529	(31,881)
Net Assets, January 1	349,096	\$380,976
Net Assets, December 31	\$431,625	\$349,096

Governmental Activities

Program receipts represent 29 percent of total receipts and are represented by Ambulance and Membership fees. General receipts represent 71 percent of the District' total receipts, and of this amount, over 96% is from Taxes and 3% is from grant revenues. The balance is made up of miscellaneous receipts and interest earned.

The major program disbursements for governmental activities are for salaries and fringe benefits which account for \$299,145 and 57% of all governmental disbursements, respectively. Debt Service and Insurance also represent a significant cost, about 26 percent.

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 the ambulance fees and membership fees offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts, grants, earnings on investments and miscellaneous revenues.

**(Table 3)
Governmental Activities**

	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Salaries & Benefits	\$299,145	\$100,081
Equipment/Supplies	25,840	18,779
Training	2,842	1,758
Insurance	45,095	15,802
Maintenance-Equipment/Building	10,709	8,512
Other Expenses	39,263	19,046
Debt Service	93,176	
Utilities	15,552	11,603

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED**

The dependence on Tax monies and Ambulance fees is apparent as over 96 percent the revenues are from these sources and are used to support District's operations.

The District's Funds

Information about the District's General Fund starts on page 9. This fund is accounted for using the cash basis of accounting. The governmental fund had total revenues of \$614,151 and expenditures of \$531,622. The net change in fund balance for the year was increased by \$82,529 for fiscal year 2004. Revenues decreased in 2004 from the prior year, by \$112,105 and expenditures decreased by \$226,515 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 were budgeted at \$615,000 while actual disbursements were \$531,622. Actual General Fund receipts were more than disbursements by \$82,529.

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 Julie Stainfield, Executive Director at Jefferson Emergency Rescue District, P.O. Box 294, Jefferson, Ohio 44047.

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**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

***Statement of Net Assets and Governmental Fund Balance Sheet
General Fund - Cash Basis
December 31, 2004***

	<u>Balance Sheet</u>	<u>Statement of Net Assets</u>
Assets		
Cash and Cash Equivalents	<u>\$431,625</u>	<u>\$431,625</u>
Total Assets	<u>431,625</u>	<u>431,625</u>
Fund Balance/Net Assets		
Fund Balance:		
Unreserved	\$320,700	
Reserved	<u>110,925</u>	
Total Fund Balance	<u><u>\$431,625</u></u>	
Net Assets:		
Unrestricted		\$320,700
Restricted		<u>110,925</u>
Total Net Assets		<u><u>\$431,625</u></u>

See accompanying notes to the basic financial statements

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

***Statement of Activities and Governmental Fund, Revenues, Expenditures
and Changes in Fund Balances
General Fund - Cash Basis
For the Year Ended December 31, 2004***

	General Fund	Statement of Activities
Expenditures/expenses:		
Salaries and Benefits	\$299,145	\$299,145
Equipment	19,746	19,746
Training	2,842	2,842
Supplies	6,094	6,094
Maintenance-Equipment/Building	10,709	10,709
Utilities	15,552	15,552
Insurance	45,095	45,095
Other Expenses	39,263	39,263
Debt Service - Principal Payments	84,431	84,431
Debt Service - Interest Payments	8,745	8,745
Total expenditures/expenses	531,622	531,622
Program Revenues:		
Ambulance Fees	165,961	165,961
Membership Fees	9,620	9,620
Total Program Revenues	175,581	175,581
Net Program Expenses		356,041
General Revenues:		
Taxes	419,562	419,562
Grants	9,755	9,755
Earnings on Investments	3,914	3,914
Miscellaneous	5,339	5,339
Total General Revenues	438,570	438,570
Excess (deficiency) of revenues over expenditures	82,529	
Change in net assets		82,529
Fund balances/net assets:		
Beginning of the year	349,096	349,096
End of the year	\$431,625	\$431,625

See accompanying notes to the basic financial statements

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended December 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes	\$391,600	\$391,600	\$419,562	\$27,962
Intergovernmental	0	0	8,522	8,522
Charges for Services	135,000	135,000	165,961	30,961
Memberships	5,000	5,000	9,620	4,620
Interest			3,914	3,914
Miscellaneous	5,000	5,000	6,572	1,572
<i>Total Revenues</i>	<u>536,600</u>	<u>536,600</u>	<u>614,151</u>	<u>77,551</u>
Expenditures				
Current:				
Salaries and Benefits	311,000	311,000	299,145	11,855
Equipment	30,000	30,000	19,746	10,254
Training	10,000	10,000	2,842	7,158
Supplies	16,000	16,000	6,094	9,906
Maintenance-Equipment/Building	15,000	15,000	10,709	4,291
Insurance	50,000	50,000	45,095	4,905
Utilities	20,000	20,000	15,552	4,448
Capital Improvements	10,000	10,000	0	10,000
Debt Service - Principal Payments and Interest	100,000	100,000	93,176	6,824
Miscellaneous	53,000	53,000	39,263	13,737
<i>Total Expenditures</i>	<u>615,000</u>	<u>615,000</u>	<u>531,622</u>	<u>83,378</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(78,400)</u>	<u>(78,400)</u>	<u>82,529</u>	<u>160,929</u>
<i>Net Change in Fund Balance</i>	(78,400)	(78,400)	82,529	160,929
<i>Fund Balance Beginning of Year</i>	<u>307,319</u>	<u>307,319</u>	<u>349,096</u>	<u>41,777</u>
<i>Fund Balance End of Year</i>	<u>\$228,919</u>	<u>\$228,919</u>	<u>\$431,625</u>	<u>\$202,706</u>

See accompanying notes to the basic financial statements

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**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the District

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson Emergency Rescue District, Ashtabula County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Jefferson Township and the Village of Jefferson. 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 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.

The statement of net assets presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program 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 government is responsible. 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, 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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The District maintained a Money Market Checking account during the audit period.

D. Fund Accounting

The District uses the General Fund to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is reflected as a governmental type.

Governmental Fund

The District classifies receipts financed from Taxes, grants, and other nonexchange transactions as a governmental fund. The District's only major fund is the General Fund.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control. The Board of Trustees annually approves appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

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.

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. The District did not encumber all commitments required by Ohio law.

A summary of the 2004 budgetary activity is reflected on the *Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP) and Actual* – page 11 of this report.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. There were no restricted assets in 2004.

G. Capital Assets

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

H. Accumulated Leave

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

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

J. Fund Balance Reserves

The District had no fund balance reserves. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

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 was as follows:

	2004
Demand deposits	<u>\$431,625</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)**

3. PROPERTY TAX RECEIPTS

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

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

Tangible personal property tax owners assess that property. The property owners must file a tangible property list to the County by each April 30.

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

4. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The District's OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

5. DEBT

A summary of changes in long-term obligations for the year ended December 31, 2004, are as follows:

	Principal Outstanding <u>12/31/03</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>12/31/04</u>
Governmental Activities				
2000 Tax Anticipation Notes	\$115,000		\$(62,471)	\$52,583
2003 Tax Anticipation Notes	<u>110,396</u>		<u>(21,960)</u>	<u>88,436</u>
Totals	\$115,396		(84,377)	\$141,019

2000 Tax Anticipation Notes - The District issued Tax Anticipation Notes in the amount of \$650,000 on September 26, 2000 for the purpose of constructing a new building. The Notes mature in 2005 and have an interest rate of 5.48%.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004
(Continued)**

5. DEBT (Continued)

2004 Tax Anticipation Notes - The District issued Tax Anticipation Notes in the amount of \$110,396 on March 12, 2003 for the purpose of purchasing a new ambulance. The Notes mature in July of 2008 and have an interest rate of 2.89%.

Both Notes are collateralized by the District's taxing authority.

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

<u>Year Ending December 31:</u>	<u>Tax Anticipation Notes</u>
2005	\$86,338
2006	23,872
2007	23,872
2008	<u>23,872</u>
Total	<u>\$157,954</u>

6. RISK MANAGEMENT

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through a commercial carrier.

The District has obtained insurance for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

The District also provides health care insurance to its employees.

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**Auditor of State
Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities of Jefferson Emergency Rescue District (the District) as of and for the year ended December 31, 2004 which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 16, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 16, 2005, we reported other matters related to noncompliance we deemed immaterial.

Jefferson Emergency Rescue District
Ashtabula County
Independent Accountant's Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 16, 2005



**Auditor of State
Betty Montgomery**

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JEFFERSON EMERGENCY RESCUE DISTRICT

ASHTABULA 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
DECEMBER 27, 2005**