



Mary Taylor, CPA
Auditor of State

**JSP FIRE DISTRICT
CHAMPAIGN COUNTY**

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your District to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 10, 2008

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Mary Taylor, CPA

Auditor of State

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 JSP Fire District, Champaign County, (the District) as of and for the years ended December 31, 2007 and 2006. 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 opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of JSP Fire District, Champaign County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

For the years ended December 31, 2007 and 2006, the District revised its financial presentation from that comparable to the requirements of *Governmental Accounting Standard* No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments to a format the Auditor of State prescribes or permits.

The District has not presented Management’s Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2008, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

June 10, 2008

**JSP FIRE DISTRICT
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Property Taxes	\$131,832		\$131,832
Charges for Services	36,000		36,000
Intergovernmental	42,712		42,712
Earnings on Investments	24,716	\$2,380	27,096
Miscellaneous	212		212
Total Cash Receipts	<u>235,472</u>	<u>2,380</u>	<u>237,852</u>
Cash Disbursements:			
Current Disbursements:			
General Government	35,687		35,687
Salaries	32,060		32,060
Materials and Supplies	11,624		11,624
Equipment	8,253		8,253
Other	3,176		3,176
Capital Outlay	8,820		8,820
Total Cash Disbursements	<u>99,620</u>		<u>99,620</u>
Total Receipts Over/(Under) Disbursements	135,852	2,380	138,232
Fund Cash Balances, January 1	<u>611,101</u>	<u>59,020</u>	<u>670,121</u>
Fund Cash Balances, December 31	<u><u>\$746,953</u></u>	<u><u>\$61,400</u></u>	<u><u>\$808,353</u></u>

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

**JSP FIRE DISTRICT
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	All Fund Types		Totals (Memorandum Only)
	General	Permanent	
Cash Receipts:			
Property Taxes	\$139,401		\$139,401
Charges for Services	36,000		36,000
Intergovernmental	29,132		29,132
Earnings on Investments	11,281	\$1,587	12,868
Miscellaneous	2,940		2,940
Total Cash Receipts	218,754	1,587	220,341
Cash Disbursements:			
Current Disbursements:			
General Government	40,292		40,292
Salaries	29,858		29,858
Materials and Supplies	11,350		11,350
Equipment	15,097		15,097
Other	2,382		2,382
Capital Outlay	41,134		41,134
Total Cash Disbursements	140,113		140,113
Total Receipts Over/(Under) Disbursements	78,641	1,587	80,228
Fund Cash Balances, January 1, Restated	532,460	57,433	589,893
Fund Cash Balances, December 31	\$611,101	\$59,020	\$670,121

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, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the JSP Fire District, Champaign County, (the District) as a body corporate and politic. The District is directed by an appointed five member Board of Trustees. One represents the Village of St. Paris; one Johnson Township and three members are at-large. 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 reports all financial resources except those required to be accounted for in another fund.

2. Permanent Fund

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the District's programs. The District had the following significant permanent fund:

Barger Fund – This fund receives interest income from the donated principal. The income is used for the general purpose of the District.

**JSP FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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. 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$64,231	\$68,456
Certificates of deposit	55,000	55,000
Total deposits	<u>119,231</u>	<u>123,456</u>
Repurchase agreement	689,122	546,665
Total deposits and investments	<u><u>\$808,353</u></u>	<u><u>\$670,121</u></u>

A. Deposits

Deposits are insured by the Federal Depository Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the District.

**JSP FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

B. Investments

The District's financial institution transfers securities to the District's agent to collateralize repurchase agreements. The securities are not in the District's name.

Contrary to Ohio Rev. Code Section 135.14(E), the financial institution does not provide management with any support documentation regarding repurchase agreements.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$195,495	\$235,472	\$39,977
Permanent	1,500	2,380	880
Total	<u>\$196,995</u>	<u>\$237,852</u>	<u>\$40,857</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$476,500	\$99,620	\$376,880
Permanent	3,000	3,000	3,000
Total	<u>\$479,500</u>	<u>\$99,620</u>	<u>\$379,880</u>

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$205,439	\$218,754	\$13,315
Permanent	1,500	1,587	87
Total	<u>\$206,939</u>	<u>\$220,341</u>	<u>\$13,402</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$421,000	\$140,113	\$280,887
Permanent	3,000	3,000	3,000
Total	<u>\$424,000</u>	<u>\$140,113</u>	<u>\$283,887</u>

**JSP FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. 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 Township.

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 District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the District contributed an amount equaling 13.85 and 13.70%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

7. RESTATED JANUARY 1, 2006 FUND BALANCES

The District dissolved the Special Revenue Bayse Fund and included the unrestricted money in the General Fund as of January 1, 2006. This resulted in restated balances for the General and Special Revenue funds by \$20,549 to \$532,460 and \$0, respectively.

8. SUBSEQUENT EVENTS

JSP Fire District Board of Trustees approved at their January 8, 2008 meeting to purchase 65.81 acres of land for \$410,000 on which to construct a new fire building. The Fire District paid \$205,292 on February 5, 2008 and financed \$205,000 for 5 years at 4.25% interest at First Central National Bank.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the JSP Fire District, Champaign County, (the District) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 10, 2008, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the District revised its financial presentation from that comparable to the requirements of *Governmental Accounting Standard No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to a format the Auditor of State prescribes or permits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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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 noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters that we reported to the District's management in a separate letter dated June 10, 2008.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 10, 2008

**JSP FIRE DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Material Noncompliance

Ohio Rev. Code 135.14(E) allows the treasurer or governing board to enter into a repurchase agreement with any eligible institution mentioned in Ohio Rev. Code Section 135.03. In these agreements, such institution agrees unconditionally to repurchase any of the securities and to provide the treasurer or governing board the following documentation:

- a. the market values of securities exceed the principal values of securities subject to the overnight repurchase agreement by 2%;
- b. a term repurchase agreement did not exceed 30 days and the values of the securities were marked to market daily;
- c. repurchase agreements were in writing, including the par value of the securities; the type, rate and maturity date of the securities; and a numerical identifier.

JSP Fire District invested 82% of their monies in 2006 and 85% in 2007 in an overnight sweep account at First Central National Bank. The bank did not provide management with any supporting documentation regarding the repurchase agreements. To verify that the repurchase agreements comply with Ohio laws and regulations, Fire District officials should require the bank to submit supporting documentation on a monthly basis.

Officials Response:

Officials did not respond to this finding.

**JSP FIRE DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC Section 135.18, depository failed to provide security equal to the funds on deposit at all times.	yes	



Mary Taylor, CPA
Auditor of State

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
JULY 31, 2008**