



**GARRETTSVILLE-FREEDOM-NELSON JOINT FIRE DISTRICT  
PORTAGE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Garrettsville-Freedom-Nelson Joint Fire District  
Portage County  
P.O. Box 344  
Garrettsville, Ohio 44231

To the Board of Trustees:

We have audited the accompanying financial statements of Garrettsville-Freedom-Nelson Joint Fire District, Portage County, Ohio, (the District) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the District, as of December 31, 1999 and December 31, 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2000 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.

Garrettsville- Freedom-Nelson Joint Fire District  
Portage County  
Report of Independent Accountants  
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This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 14, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>General Fund</b>
<b>Cash Receipts:</b>	
Local Taxes	\$251,123
Intergovernmental	25,547
Earnings on Investments	4,504
Miscellaneous	1,643
Total Cash Receipts	282,817
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	205,051
Debt Service:	
Redemption of Principal	33,333
Interest	756
Capital Outlay	8,170
Total Disbursements	247,310
Total Receipts Over Disbursements	35,507
<b>Other Financing Receipts:</b>	
Sale of Fixed Assets	377
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	35,884
Fund Cash Balances January 1	137,072
<b>Fund Cash Balances, December 31</b>	<b>\$172,956</b>
Reserves for Encumbrances, December 31	\$0

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Local Taxes	\$244,666
Intergovernmental	24,570
Earnings on Investments	4,877
Miscellaneous	<u>5,929</u>
 Total Cash Receipts	 <u>280,042</u>
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	209,980
Debt Service:	
Redemption of Principal	33,333
Interest	3,393
Capital Outlay	<u>18,325</u>
 Total Disbursements	 <u>265,031</u>
 Total Receipts Over Disbursements	 <u>15,011</u>
<b>Other Financing Receipts:</b>	
Sale of Fixed Assets	<u>7,176</u>
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	 22,187
 Fund Cash Balances January 1	 <u>114,885</u>
 <b>Fund Cash Balances, December 31</b>	 <b><u><u>\$137,072</u></u></b>
 Reserves for Encumbrances, December 31	 <u><u>\$80</u></u>

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Garrettsville-Freedom-Nelson Joint Fire District, Portage County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed three-member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions are Village of Garrettsville, Freedom Township, and Nelson Township. The District provides fire protection and rescue services within the District and as needed to areas outside the District.

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

The Fire District is associated with two organizations and a Village which will be discussed below.

The Garfield Fire Department, Inc. (aka Garrettsville Volunteer Fire Department, Inc.) (GFD) and the Garrettsville, Freedom, Nelson Firefighters Association (GFA) are comprised of the same individuals that are employed by the District as volunteer fire fighters.

GFD-This is a Section 509(a) (1) organization which owns the property and building where the Fire District stores their trucks. The Fire District pays \$20,000 annual rent to GFD. This is mainly their only source of revenue. The money is used for maintenance and up keep of the building and property.

GFA-This is an organization which is not incorporated. This organizations owns the equipment in the building that is owned by the GFD. The Fire District's firemen get \$5 paid to them for training and they have elected this money to go the GFA. The only other source of revenue is fund raisers that are held throughout the year. The money is used for buying equipment.

The Fire District has a dispatching contract with the Village of Garrettsville. The annual contract is for \$24,746.39, of which part of it is renewed annually and part of it has a three year term. The Clerk and one of the Trustees are employed by the Village.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**C. Cash and Investments**

The District invests in an overnight sweep account (repurchase agreement) at their banking institution which is valued at amounts reported by the bank.

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.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. 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.

**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.

A summary of 1999 and 1998 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.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

(Continued)

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

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

	<u>1999</u>	<u>1998</u>
Demand Deposits	\$ 13,219	\$ 7,928
Overnight Sweep Account	<u>159,737</u>	<u>129,144</u>
Total deposits and investments	<u>\$ 172,956</u>	<u>\$ 137,072</u>

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

The Fire District is required to maintain a bank balance of \$15,000 in their checking account as a compensating balance. The remaining balance is swept in a cash management (repurchase agreement) account.

**Investments:** Investments in the sweep account (repurchase agreements) are uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Fire District's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Revenue	<u>326,306</u>	<u>283,194</u>	<u>(43,112)</u>
Total	<u>\$ 326,306</u>	<u>\$ 283,194</u>	<u>\$ (43,112)</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Revenue	<u>429,633</u>	<u>247,310</u>	<u>182,323</u>
Total	<u>\$ 429,633</u>	<u>\$ 247,310</u>	<u>\$ 182,323</u>

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (continued)**

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Revenue	325,133	287,218	(37,915)
Total	\$ 325,133	\$ 287,218	\$ (37,915)

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Revenue	424,033	265,111	158,922
Total	\$ 424,033	\$ 265,111	\$ 158,922

**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.

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

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

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

**5. RETIREMENT SYSTEMS**

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.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members 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, 1999.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**6. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- Commercial property
- Commercial general liability
- Management Liability
- Portable equipment
- Accident and Sickness
- Fleet Coverage

**7. SUBSEQUENT EVENTS**

During 1999, the Fire District purchased a Fire/Rescue Truck from Precision Apparatus, Inc., for \$302,420 that is to be delivered in April 2000. During October 1999, the District assigned this contract to the vendor's bank to secure a loan for the vendor's benefit to have the necessary capital to purchase the necessary parts to construct the truck.

The Fire District plans on financing \$200,000 of the purchase price by securing a term loan through Second National Bank of Warren with a repayment period of \$50,000 a year for four years with the interest rate to be determined at closing calculated on a tax free basis utilizing the banks prime rate of interest plus the banks cost. The remaining cost of the Truck will be paid utilizing current available resources.

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

Garrettsville-Freedom-Nelson Joint Fire District  
Portage County  
P.O. Box 344  
Garrettsville, Ohio 44231

To the Board of Trustees:

We have audited the accompanying financial statements of Garrettsville-Freedom-Nelson Joint Fire District, Portage County, Ohio (the District ), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 14, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 14, 2000.

**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 14, 2000.

Garrettsville-Freedom-Nelson Joint Fire District  
Portage County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended 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.

**Jim Petro**  
Auditor of State

March 14, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**GARRETSVILLE-FREEDOM-NELSON JOINT FIRE DISTRICT**

**PORTAGE 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  
APRIL 18, 2000**