



**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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 Jefferson Emergency Rescue District, Ashtabula County, Ohio, (the District) as of and for the years ended December 31, 1999 and December 31, 2000. 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 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 fund cash balances and reserves for encumbrances of the Jefferson Emergency Rescue District, Ashtabula County, as of December 31, 1999 and December 31, 2000, 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 June 22, 2001 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 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

June 22, 2001

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Type
	General
Cash Receipts:	
Taxes	\$358,346
Intergovernmental	38,555
Charges for Services	136,178
Membership/Miscellaneous	13,549
Proceeds of Tax Anticipation Note	650,000
Interest	15,824
Total Cash Receipts	1,212,452
Cash Disbursements:	
Salaries & Benefits	239,792
Equipment	16,236
Training	1,276
Supplies	5,236
Maintenance-Equipment/Building	9,033
Insurance	25,482
Capital Improvements	204,871
Other Expenses	59,800
Debt Service-Principal payments	16,838
Debt Service-Interest payments	3,114
Total Cash Disbursements	581,678
Total Receipts Over/(Under) Disbursements	630,774
Fund Cash Balances, January 1	272,806
Fund Cash Balances, December 31	\$903,580
Reserve for Encumbrances, December 31	\$705,446

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

JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY

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

Governmental Fund Type

	<u>General</u>
Cash Receipts:	
Taxes	\$352,552
Intergovernmental	33,216
Charges for Services	105,639
Membership/Miscellaneous	6,557
Interest	<u>6,472</u>
Total Cash Receipts	<u>504,436</u>
Cash Disbursements:	
Salaries & Benefits	170,892
Equipment	7,311
Training	4,982
Supplies	4,021
Maintenance-Equipment/Building	4,289
Insurance	14,348
Capital Improvements	19,266
Other Expenses	42,490
Debt Service-Principal payments	16,029
Debt Service-Interest payments	<u>3,923</u>
Total Cash Disbursements	<u>287,551</u>
Total Receipts Over/(Under) Disbursements	<u>216,885</u>
Fund Cash Balances, January 1	<u>55,922</u>
Fund Cash Balances, December 31	<u><u>\$272,807</u></u>

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

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Jefferson Emergency Rescue District, Ashtabula 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 being Jefferson Township and Jefferson Village. The third board member is elected by the membership or appointed by the Jefferson Emergency Rescue District Board. The District provides 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

Certificates of deposit are valued at cost.

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 and has only a general fund which accounts for all financial resources.

E. Budgetary Process

The Ohio Revised Code requires that the general fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as 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 the general fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 402,664	\$ 272,806
Certificates of deposit	<u>500,916</u>	<u>0</u>
Total deposits	<u><u>\$903,580</u></u>	<u><u>\$272,806</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the District.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$ 1,138,763</u>	<u>\$ 1,212,452</u>	<u>\$ 73,689</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$ 641,000</u>	<u>\$ 581,678</u>	<u>\$ 59,322</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$ 412,207</u>	<u>\$ 504,436</u>	<u>\$ 92,229</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$ 448,000</u>	<u>\$ 287,551</u>	<u>\$ 160,449</u>

4. PROPERTY TAX

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

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

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

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Commercial Loan	\$ 52,444	5.00%
Tax Anticipation Note	650,000	5.48%
Total	\$ 702,444	

The District issued an Ambulance Acquisition Note on October 16, 1998 in the amount of \$88,110 at 5% interest for a term of 5 years. This note is secured by the ambulance.

The District issued a Tax Anticipation Note on September 26, 2000 in the amount of \$650,000 at 5.48% interest to build a new building. The debt is collateralized solely by the District's taxing authority.

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

Year ending December 31:	Commercial Loan	Tax Anticipation Note
2001	\$ 19,952	\$ 200,916
2002	19,952	198,975
2003	14,964	204,248
2004	0	60,617
2005	0	62,466
Total	\$ 54,868	\$ 727,222

6. RETIREMENT SYSTEMS

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 10.84% in 2000 and 13.55% in 1999 of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
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 Jefferson Emergency Rescue District, Ashtabula County, Ohio (the District), as of and for the years ended December 31, 1999 and December 31, 2000, and have issued our report thereon dated June 22, 2001. 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-61104-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated June 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jefferson Emergency Rescue District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-61104-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described

above is not a material weakness. 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 June 22, 2001.

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

June 22, 2001

JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-61104-001

Noncompliance Citation/Reportable Condition

Ohio Revised Code § 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Council.

For 87% of tested expenditures during 2000 and 1999, the District did not certify and neither of the above mentioned exceptions were met.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The District should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.



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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
JULY 17, 2001**