



**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Polk Jackson Perry Fire District  
Ashland County  
P.O. Box 275  
Polk, Ohio 44866

To the Board of Trustees:

We have audited the accompanying financial statements of the Polk Jackson Perry Fire District, Ashland County, Ohio, (the District) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 balance and reserves for encumbrances of the District as of December 31, 2000 and 1999, 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 May 4, 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 audits.

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 § 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

May 4, 2001

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**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>2000</b>	<b>1999</b>
<b>Cash Receipts:</b>		
Local Taxes	\$135,891	\$81,681
Intergovernmental	15,435	9,187
Charges for Services	3,175	3,085
Earnings on Investments	37,164	5,442
Miscellaneous	15,622	2,113
 Total Cash Receipts	 207,287	 101,508
<b>Cash Disbursements:</b>		
Current:		
Security of Persons and Property	45,162	72,288
Capital Outlay	46,430	
Debt Service:		
Redemption of Principal	10,000	
Interest	36,500	
 Total Cash Disbursements	 138,092	 72,288
 Total Cash Receipts Over Cash Disbursements	 69,195	 29,220
<b>Other Financing Receipts:</b>		
Proceeds of Bonds and Accrued Interest		501,784
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	 69,195	 531,004
 Fund Cash Balance, January 1	 551,357	 20,353
 <b>Fund Cash Balance, December 31</b>	 <b>\$620,552</b>	 <b>\$551,357</b>
 Reserves for Encumbrances, December 31	 \$0	 \$0

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

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**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Polk Jackson Perry Fire District, Ashland County, Ohio, (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 provides fire protection services to the Village of Polk, Jackson Township, and the northern half of Perry Township. The District is directed by an appointed three member Board. One Board member is appointed by each political subdivision within the District. The principal purpose of the District is to pool the mutual resources and abilities of the member subdivisions and thereby provide adequate and responsible fire protection for the subdivisions.

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 cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The District maintains its deposits in a non-interest bearing checking account and STAR Ohio. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are included in the cash fund balances. 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 and it is used to account for all financial resources of the District.

**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY**

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

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

**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 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 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 certify 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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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

The District maintains a cash and investment 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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$88,901	\$12,860
STAR Ohio	<u>531,651</u>	<u>538,497</u>
Total deposits and investments	<u><u>\$620,552</u></u>	<u><u>\$551,357</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

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

**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 145,262	\$ 207,287	\$ 62,025

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 128,000	\$ 138,092	\$ (10,092)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 91,216	\$ 603,292	\$ 512,076

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 101,000	\$ 72,288	\$ 28,712

Contrary to Ohio Rev. Code Section 5705.41 (D), the District did not certify the availability of funds for certain expenditures during 2000 and 1999.

Contrary to Ohio Rev. Code Section 5705.41 (B), the District had budgetary expenditures in excess of appropriations for the General Fund at December 31, 2000.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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.

**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND 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
Fire District Improvement Bonds	\$ 490,000	4.25 - 6.2%

The District issued improvement bonds to finance the construction of a new fire building. The improvement bonds were issued on September 2, 1999, in the principal amount of \$500,000, plus \$1,784 accrued interest, and have a maturity date of December 1, 2024. The improvement bonds are collateralized solely by the District's taxing authority.

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

Year ending December 31:	General Obligation Notes
2001	\$ 38,775
2002	38,325
2003	37,855
2004	37,365
2005	36,865
Subsequent	755,400
Total	\$ 944,585

**6. RETIREMENT SYSTEM**

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS 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

**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY**

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

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**9. SUBSEQUENT EVENT**

In May, 1999, the District passed a levy to build a new fire station. Bonds were issued on September 2, 1999, in the principal amount of \$500,000, plus \$1,784 of accrued interest to fund this project. The original architect hired was unable to develop acceptable plans for construction of the new fire station. In 2001, the District contracted with another architect to develop the plans. Currently, the District is in the process of bidding out the construction project. Construction is expected to begin in September, 2001.

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

Polk Jackson Perry Fire District  
Ashland County  
P.O. Box 275  
Polk, Ohio 44866

To the Board of Trustees:

We have audited the accompanying financial statements of the Polk Jackson Perry Fire District, Ashland County, Ohio, (the District) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 4, 2001. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-40503-001 and 2000-40503-002. We also noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 4, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 May 4, 2001.

Polk Jackson Perry Fire District  
Ashland 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

May 4, 2001



**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40503-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (D)**, provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - 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 Board of Trustees 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.
2. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

During the audit period, 93% of the expenditures tested were not certified by the Clerk prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance.

The District should certify the availability of funds and also implement the use of so called Then and Now certificates and Blanket Certificates as a further means to certify funds pursuant to Ohio Rev. Code Section 5705.41.

**FINDING NUMBER 2000-40503-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2000, the General Fund had budgetary expenditures in excess of appropriations:

<b>Fund Type</b>	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
General Fund	\$128,000	\$138,092	\$10,092

The Clerk should frequently compare actual expenditures plus outstanding encumbrances to appropriations to avoid potential overspending.

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**POLK JACKSON PERRY FIRE DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1998-40503-001	Ohio Rev. Code Section 5705.41(D), District did not certify the availability of funds for 75% of tested expenditures.	No	Not Corrected: 93% of tested current expenditures were not certified.
1998-40503-002	Ohio Rev. Code Section 5705.41(B), the general fund had expenditures that exceeded appropriations in 1998.	No	Not Corrected: Expenditures exceeded appropriations in the general fund in 2000.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**POLK JACKSON PERRY FIRE DISTRICT**

**ASHLAND COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 29, 2001**