



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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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 (the District) as of and for the years ended December 31, 2001 and 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 auditing standards generally accepted in the United States of America 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, 2001 and 2000, and its combined 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 6, 2002 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 § 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 6, 2002

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General Fund</u>
Cash Receipts:	
Local Taxes	\$264,102
Intergovernmental	27,689
Earnings on Investments	3,419
Miscellaneous	<u>3,959</u>
Total Cash Receipts	299,169
Cash Disbursements:	
Current:	
Security of Persons and Property	231,621
Debt Service:	
Redemption of Principal	50,000
Interest	10,488
Capital Outlay	<u>6,414</u>
Total Disbursements	<u>298,523</u>
Total Receipts Over Disbursements	646
Fund Cash Balances, January 1	<u>151,126</u>
Fund Cash Balances, December 31	<u><u>\$151,772</u></u>
Reserves for Encumbrances, December 31	<u><u>\$1,456</u></u>

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

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

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

	General Fund
Cash Receipts:	
Local Taxes	\$259,748
Intergovernmental	26,848
Earnings on Investments	5,306
Miscellaneous	<u>7,215</u>
Total Cash Receipts	299,117
Cash Disbursements:	
Current:	
Security of Persons and Property	215,872
Capital Outlay	<u>305,061</u>
Total Disbursements	<u>520,933</u>
Total Receipts (Under) Disbursements	(221,816)
Other Financing Receipts:	
Proceeds from Sale of Public Debt:	
Sale of Notes	<u>200,000</u>
Total Other Financing Receipts	<u>200,000</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(21,816)
Fund Cash Balances, January 1	<u>172,942</u>
Fund Cash Balances, December 31	<u><u>\$151,126</u></u>
Reserves for Encumbrances, December 31	<u><u>\$6,519</u></u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

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 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.

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 \$22,000 (\$20,000 in 2000) 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. (Little things like tables, chairs, etc.) 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 \$24,600 (\$24,594.34 in 2000), 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Investments are included in fund cash 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.

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

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 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 2001 and 2000 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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 follows:

	2001	2000
Demand deposits	\$4,819	\$11,753
Repurchase agreement	146,953	139,373
Total deposits and investments	\$151,772	\$151,126

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 District's bank or agent but not in the District's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$321,092	\$299,169	(\$21,923)
Total	\$321,092	\$299,169	(\$21,923)

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	<u>\$442,500</u>	<u>\$299,979</u>	<u>\$142,521</u>
Total	<u><u>\$442,500</u></u>	<u><u>\$299,979</u></u>	<u><u>\$142,521</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$492,962	\$499,117	\$6,155
Total	\$492,962	\$499,117	\$6,155

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$640,700	\$527,452	\$113,248
Total	\$640,700	\$527,452	\$113,248

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 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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Fire/Rescue Truck Loan	\$150,000	6.21%
Total	\$150,000	

During 2000, the Fire District purchased a Fire/Rescue Truck for \$302,595. A bank loan was issued to finance the purchase of a new Fire/Rescue Truck. The loan was issued on June 1, 2000 in the

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

amount of \$200,000 and have maturities through April 1, 2004. The loan is collateralized solely by the District's taxing authority. The cost of the fire/rescue truck will be paid for from the fire levy.

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

Year ending December 31:	Fire/Rescue Truck Loan
2002	\$59,444
2003	56,296
2004	53,157
Total	\$168,897

6. RETIREMENT SYSTEMS

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The District has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

8. SUBSEQUENT EVENTS

On January 8, 2002, the Board of Trustees passed a resolution of necessity for 3.2 mill replacement tax levy in excess of the ten mill limitation for the purpose of providing and maintaining fire protection and rescue services. The District intends to submit the replacement tax levy to the electors at an election May 7, 2002.



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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 (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 6, 2002. 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 *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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated March 6, 2002.

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 6, 2002.

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 solely 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 6, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GARRETTSVILLE-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
MAY 9, 2002**