

JEROMESVILLE COMMUNITY FIRE DISTRICT
ASHLAND COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Long, Cook & Samsa, Inc.
CERTIFIED PUBLIC ACCOUNTANTS



Mary Taylor, CPA
Auditor of State

Board of Trustees
Jeromesville Community Fire District
P.O. Box 414
Jeromesville, Ohio 44840

We have reviewed the *Independent Accountants' Report* of the Jeromesville Community Fire District, Ashland County, prepared by Long, Cook & Samsa, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Jeromesville Community Fire District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 31, 2007

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Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

INDEPENDENT ACCOUNTANTS' REPORT

Jeromesville Community Fire District
Ashland County
P.O. Box 414
Jeromesville, Ohio 44840

To the Board of Trustees:

We have audited the accompanying financial statements of the Jeromesville Community Fire District, Ashland County, Ohio, (the District) as of and for the years ended December 31, 2005 and 2004. 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 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 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 has prepared these financial statements using accounting practices the Auditor of State of Ohio 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio 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, 2005 and 2004 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, 2005 and 2004, 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 cash balances and reserves for encumbrances of the District as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 15, 2007 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, grants 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* and should be read in conjunction with this report in assessing the results of our audit.

This report is intended solely for the information and use of the audit committee, management, 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.

A handwritten signature in black ink, appearing to read "Long, Cook & Samsa, Inc.", with a stylized flourish at the end.

Long, Cook & Samsa, Inc.
June 15, 2007

**JEROMESVILLE COMMUNITY FIRE DISTRICT
ASHLAND COUNTY**

**COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

| | <u>2005</u> | <u>2004</u> |
|---|------------------|------------------|
| Cash Receipts: | | |
| Local Taxes | \$ 95,936 | \$ 102,929 |
| Charges for Services | 31,194 | 2,452 |
| Intergovernmental | 11,196 | 17,466 |
| Contracts | 3,650 | 3,650 |
| Donations | 950 | 1,245 |
| Interest Income | 305 | 216 |
| Miscellaneous | 175 | 285 |
| | 143,406 | 128,243 |
| Total Cash Receipts | 143,406 | 128,243 |
| Cash Disbursements: | | |
| Notes - Principal | 39,417 | 39,417 |
| Salaries and Benefits | 18,203 | 4,616 |
| Insurance | 13,533 | 12,365 |
| Tools and Equipment | 11,979 | 14,061 |
| Miscellaneous | 9,684 | 6,688 |
| Utilities | 9,195 | 7,775 |
| Supplies | 8,345 | 4,686 |
| Maintenance | 6,121 | 5,636 |
| Notes - Interest | 3,804 | 4,856 |
| Contracts | 1,992 | 1,177 |
| Building and Equipment | 554 | 31,533 |
| Contributions | 150 | 300 |
| | 122,977 | 133,110 |
| Total Cash Disbursements | 122,977 | 133,110 |
| Excess of Receipts over/(under) Disbursements | 20,429 | (4,867) |
| Fund Cash Balances, January 1 | 44,708 | 49,575 |
| Fund Cash Balances, December 31 | \$ 65,137 | \$ 44,708 |
| Reserve for Encumbrances, December 31 | \$ 816 | \$ 3,393 |

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

**JEROMESVILLE COMMUNITY FIRE DISTRICT
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Jeromesville Community 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 serves three political subdivisions consisting of Plain Township, Lake Township, and Jeromesville Village, which includes Mohican and Perry Townships. The Board of Trustees consists of three members, one member from each of the following: Mohican Township, Perry Township and Jeromesville Village. 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 and emergency medical services (EMS) for the subdivisions.

The District has five part-time employees and uses volunteers to provide most of the fire protection and EMS services. In 2005, volunteers were paid \$10 per call, meeting and training session.

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

The District has no investments. The District maintains all cash in one checking account.

D. 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.

**JEROMESVILLE COMMUNITY FIRE DISTRICT
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

E. 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. CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

| | <u>2005</u> | <u>2004</u> |
|---------------------------|-------------|-------------|
| Checking account deposits | \$ 65,137 | \$ 44,708 |

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**JEROMESVILLE COMMUNITY FIRE DISTRICT
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004, follows:

| 2005 Budgeted vs. Actual Receipts | | |
|-----------------------------------|--------------------|-----------|
| Budgeted Receipts | Actual Receipts | Variance |
| \$157,837 | \$154,492 | (\$3,345) |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|---|---------------------------|----------|
| Appropriation Authority | Budgetary Expenditures | Variance |
| \$168,428 | \$134,063 | \$34,365 |

| Budgeted Receipts | Actual Receipts | Variance |
|----------------------|--------------------|------------|
| \$179,681 | \$128,443 | (\$51,238) |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|---|---------------------------|----------|
| Appropriation Authority | Budgetary Expenditures | Variance |
| \$170,891 | \$133,310 | \$37,581 |

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

**JEROMESVILLE COMMUNITY FIRE DISTRICT
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|--|-------------|-------------|
| Installment note payable to National City Bank to construct an addition to the Fire Department Building, payable in semi-annual installments of \$9,108.40 plus interest at 5.25%, paid off in December, 2006, unsecured but a general obligation of the District. | \$ 18,216 | \$ 36,433 |
| Installment note payable to National City Bank to purchase a 2002 International Fire Engine, payable in semi-annual installments of \$10,600 plus interest at a floating rate of 75% of prime, due March 15, 2007, collateralized by the International Fire Engine . | 31,800 | 53,000 |

The maturities of the long-term debt for each of the four years subsequent to December 31, 2005, are as follows:

| | <u>Building Note</u> | <u>Truck Note</u> |
|--------------------------|--------------------------|-----------------------|
| Year ending December 31: | | |
| 2006 | \$ 18,216 | \$ 21,200 |
| 2007 | <u>-</u> | <u>10,600</u> |
| Total | <u>\$ 18,216</u> | <u>\$ 31,800</u> |

6. RETIREMENT SYSTEMS

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. OPERS member employees contributed 8.5% of their gross salaries for 2005 and 2004. The District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2005. The District has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles and equipment; and
- Public officials' liability

Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

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

Jeromesville Community Fire District
Ashland County
P.O. Box 414
Jeromesville, Ohio 44840

To the Board of Trustees:

We have audited the financial statements of the Jeromesville Community Fire District, Ashland County, Ohio, (the District) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 15, 2007. 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.

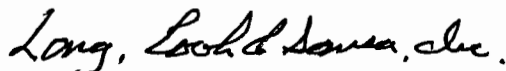
Compliance

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*.

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.

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.



Long, Cook & Samsa, Inc.
June 15, 2007



Mary Taylor, CPA
Auditor of State

JEROMESVILLE COMMUNITY 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
SEPTEMBER 13, 2007**