



**Auditor of State
Betty Montgomery**

**HURON RIVER JOINT FIRE DISTRICT
HURON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Huron River Joint Fire District
Huron County
130 North West Street
Norwalk, Ohio 44857-1269

To the Board of Trustees:

We have audited the accompanying financial statements of the Huron River Joint Fire District, Huron County, (the District) as of and for the years ended December 31, 2003 and 2002. 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.

The District's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the District because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 balances and reserves for encumbrances of the District, as of December 31, 2003 and 2002, 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 11, 2004 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.



Betty Montgomery
Auditor of State

May 11, 2004

**HURON RIVER JOINT FIRE DISTRICT
HURON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Local Taxes	\$ 101,655	\$ -	\$ -	\$ 101,655
Intergovernmental	16,482	50,509	-	66,991
Charges for Services	4,764	-	-	4,764
Earnings on Investments	2,097	-	-	2,097
Miscellaneous	3,016	400	-	3,416
Total Cash Receipts	128,014	50,909		178,923
Cash Disbursements				
Current:				
Security of Persons and Property	95,845	-	-	95,845
Capital Outlay	17,325	56,121	-	73,446
Total Disbursements	113,170	56,121	-	169,291
Total Receipts Over/(Under) Disbursements	14,844	(5,212)	-	9,632
Other Financing Receipts/(Disbursements)				
Proceeds from Sale of Public Debt:				
Transfers-In	9,038	5,212	-	14,250
Transfers-Out	(5,212)	-	(9,038)	(14,250)
Total Other Financing Receipts/(Disbursements)	3,826	5,212	(9,038)	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,670	-	(9,038)	9,632
Fund Cash Balances, January 1	173,806	-	9,038	182,844
Fund Cash Balances, December 31	\$ 192,476	\$ -	\$ -	\$ 192,476
Reserves for Encumbrances, December 31	\$ 899	\$ -	\$ -	\$ 899

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**HURON RIVER JOINT FIRE DISTRICT
HURON COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts			
Local Taxes	\$ 102,543	\$ 68,737	\$ 171,280
Intergovernmental	13,194	8,499	21,693
Charges for Services	764	-	764
Earnings on Investments	3,854	-	3,854
Miscellaneous	698	-	698
	<u>121,053</u>	<u>77,236</u>	<u>198,289</u>
Total Cash Receipts			
Cash Disbursements			
Current:			
Security of Persons and Property	103,897	-	103,897
Debt Service:			
Redemption of Principal	-	96,456	96,456
Interest	4,808	3,429	8,237
	<u>108,705</u>	<u>99,885</u>	<u>208,590</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	12,348	(22,649)	(10,301)
Fund Cash Balances, January 1	<u>161,458</u>	<u>31,687</u>	<u>193,145</u>
Fund Cash Balances, December 31	<u>\$ 173,806</u>	<u>\$ 9,038</u>	<u>\$ 182,844</u>
Reserves for Encumbrances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**HURON RIVER JOINT FIRE DISTRICT
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Huron River Joint Fire District, Huron 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 four-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the Village of Monroeville, Peru Township, Ridgefield Township, and Sherman Township all of which are located in Huron County. The District provides fire protection and rescue services within 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

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.

STAR Ohio is recorded at share values reported by the mutual fund.

**HURON RIVER JOINT FIRE DISTRICT
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

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.

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

FEMA Grant Fund -This fund receives grant revenue from the Federal Emergency Management Agency to purchase fire protection equipment.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The District had the following debt service fund:

General Bond Retirement Fund -This fund receives property taxes for the repayment of a fire station construction bond issue. This bond was paid off in 2002.

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

**HURON RIVER JOINT FIRE DISTRICT
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 2003 and 2002 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 investments 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:

	2003	2002
Demand deposits	\$ (11,905)	\$ (3,921)
STAR Ohio	204,381	186,765
Total deposits and investments	\$ 192,476	\$ 182,844

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.

**HURON RIVER JOINT FIRE DISTRICT
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 133,503	\$ 137,052	\$ 3,549
Special Revenue	56,121	56,121	
Total	\$ 189,624	\$ 193,173	\$ 3,549

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 298,272	\$ 119,281	\$ 178,991
Special Revenue	56,121	56,121	
Debt Service	9,038	9,038	
Total	\$ 363,431	\$ 184,440	\$ 178,991

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 128,962	\$ 121,053	\$ (7,909)
Special Revenue	56,121		(56,121)
Debt Service	75,723	77,236	1,513
Total	\$ 260,806	\$ 198,289	\$ (62,517)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 290,420	\$ 108,705	\$ 181,715
Debt Service	107,410	99,885	7,525
Total	\$ 397,830	\$ 208,590	\$ 189,240

**HURON RIVER JOINT FIRE DISTRICT
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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

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. For 2003 and 2002, OPERS member employees contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Crime.
- Vehicles.
- Management Liability.

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**Auditor of State
Betty Montgomery**

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

Huron River Joint Fire District
Huron County
130 North West Street
Norwalk, Ohio 44857-1269

To the Board of Trustees:

We have audited the accompanying financial statements of the Huron River Joint Fire District, Huron County, (the District) as of and for the years ended December 31, 2003 and 2002 and have issued our report thereon dated May 11, 2004 wherein we noted that the District's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the District because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 11, 2004.

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.



Betty Montgomery
Auditor of State

May 11, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
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HURON RIVER JOINT FIRE DISTRICT

HURON 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
JUNE 10, 2004**