



**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-98**



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

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**STATE OF OHIO**



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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Walhonding Valley Fire District  
Coshocton County  
19849 Twp. Rd. Rte. 383  
Walhonding, Ohio 43843

To the Board of Trustees:

We have audited the accompanying financial statements of Walhonding Valley Fire District, Coshocton County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. 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 balances and reserves for encumbrances of the District as of December 31, 1999 and 1998, 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 July 6, 2000 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.

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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

July 6, 2000

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**WALHONDING VALLEY FIRE DISTRICT  
 COSHOCTON COUNTY  
 STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES - GENERAL FUND  
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<b>1999</b>	<b>1998</b>
<b>Cash Receipts:</b>		
Local Taxes	\$123,050	\$116,231
Intergovernmental	29,759	30,179
Earnings on Investments	1,410	978
Miscellaneous	2,768	394
Total Cash Receipts	156,987	147,782
<b>Cash Disbursements:</b>		
Current:		
Security of Persons and Property	39,583	38,656
General Government	24,161	17,287
Debt Service:		
Redemption of Principal	31,000	68,000
Interest	733	3,705
Capital Outlay	12,527	16,122
Total Cash Disbursements	108,004	143,770
Total Cash Receipts Over Cash Disbursements	48,983	4,012
<b>Other Financing Receipts:</b>		
Proceeds of Notes		8,000
Other Sources		4,640
Total Other Financing Receipts		12,640
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	48,983	16,652
Fund Cash Balances, January 1	33,885	17,233
<b>Fund Cash Balances, December 31</b>	<b>\$82,868</b>	<b>\$33,885</b>
Reserves for Encumbrances, December 31	\$1,598	\$4,864

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

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**WALHONDING VALLEY FIRE DISTRICT  
COSHOCOTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Walhonding Valley Fire District, Coshocoton 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 five publicly elected and six appointed board members. The District provides fire protection for eight townships and two villages.

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**

The District maintains all cash in a checking account and certificates of deposit which are valued at cost.

**D. Fund Accounting**

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

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources of the District.

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires the General Fund to 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. Unencumbered appropriations lapse at year end.

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

A summary of 1999 and 1998 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. CASH**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$12,868	\$8,885
Certificates of deposit	70,000	25,000
Totals	<u>\$82,868</u>	<u>\$33,885</u>

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

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,012	\$156,987	\$15,975

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$174,897	\$109,602	\$65,295

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$138,757	\$160,422	\$21,665

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,574	\$148,634	(\$11,060)

**4. NONCOMPLIANCE**

During 1999 and 1998, certain contracts and orders to expend funds were entered into without the Clerk-Treasurer's certification that such funds were available. In addition, certain liabilities, contracts, and open purchase commitments incurred prior to December 31, 1999 and December 31, 1998, which were not encumbered, were improperly charged against the subsequent year appropriations. These encumbrances were included in the financial statements and have been posted by the District. Both contrary to Ohio Rev. Code Section 5705.41(D).

**5. 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

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. PROPERTY TAX (Continued)**

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.

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.

**6. RETIREMENT SYSTEMS**

**A. Public Employees Retirement System**

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

**B. Social Security System**

Effective, July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose Social Security. As of December 31, 1999, several firemen have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**7. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Wrongful acts
- Vehicles
- Inland Marine
- Fire Vehicle
- Bond



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

Walhonding Valley Fire District  
Coshocton County  
19849 Twp. Rd. Rte.383  
Walhonding, Ohio 43843

To the Board of Trustees:

We have audited the accompanying financial statements of Walhonding Valley Fire District, Coshocton County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 6, 2000. 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 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 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 1999-41279-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 6, 2000.

**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 certain 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 July 6, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

July 6, 2000

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Noncompliance**

**FINDING NUMBER 1999-41016-001**

**Ohio Rev. 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 is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and other orders for expenditure lacking prior certification should be null and 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:

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

The required certification was not made for 100% of the disbursement transactions tested for 1999 and 1998. Neither of the two exceptions noted above were utilized for the items tested. In addition, certain liabilities, contracts, and open purchase commitments incurred prior to December 31, 1999 and December 31, 1998, which were not encumbered, were improperly charged against the subsequent year appropriations. Prior to entering purchase commitments, the Clerk-Treasurer should either certify that funds are available for expenditure or use the exceptions noted above, as applicable.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**WALHONDING VALLEY FIRE DISTRICT**

**COSHOCTON 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  
AUGUST 22, 2000**