



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

First Consolidated Fire District
Marion County
PO Box 305
Caledonia, Ohio 43314

To the Board of Trustees:

We have audited the accompanying financial statements of First Consolidated Fire District, Marion County, Ohio, (the District) as of and for the years ended December 31, 2001, and December 31, 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 accounting principles generally accepted in the United States of America.

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, 2001, and December 31, 2000, 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 June 27, 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.

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JIM PETRO
Auditor of State

June 27, 2002

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001	2000
Cash Receipts:		
Local Taxes	\$ 276,374	\$ 288,544
Intergovernmental	23,407	27,225
Charges for services	8,642	31,796
Interest	15,676	18,116
Miscellaneous	6,844	-
 Total Cash Receipts	 330,943	 365,681
Cash Disbursements:		
Current:		
General Government	214,374	166,736
Public Safety	10,000	12,000
Capital Outlay	16,487	195,151
 Total Cash Disbursements	 240,861	 373,887
 Total Cash Receipts Over/(Under) Cash Disbursements	 90,082	 (8,206)
Other Financing Receipts:		
Sale of Fixed Assets	-	8,827
 Total Other Financing Receipts	 -	 8,827
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	 90,082	 621
Cash Balance, January 1	380,441	379,820
 Cash Balance, December 31	 \$ 470,523	 \$ 380,441
 Reserve for Encumbrances, December 31	 \$ 1,410	 \$ 24,307

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

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**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

First Consolidated Fire District, Marion 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 is directed by an appointed five-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the Village of Caledonia, and the Townships of Canaan, Claridon, Scott, and Tulley. 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 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 investment in STAR Ohio is recorded at share values reported by the State Treasurer.

D. Budgetary Process

The Ohio Revised Code requires that the District budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). 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.

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	182,051	170,924
Total deposits	<u>182,051</u>	<u>170,924</u>
STAR Ohio	<u>288,486</u>	<u>209,517</u>
Total investments	<u>288,486</u>	<u>209,517</u>
Total deposits and investments	<u><u>\$470,537</u></u>	<u><u>\$380,441</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District.

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

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY**

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$505,000	\$330,943	(\$174,057)

2001 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$644,800	\$242,271	\$402,529

2000 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$460,524	\$374,508	(\$86,016)

2000 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$465,251	\$398,194	\$67,057

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.

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY**

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

5. RETIREMENT SYSTEM AND SOCIAL SECURITY

District employees belong to either the Public Employees Retirement System (PERS) of Ohio or Social Security. PERS is a cost-sharing, multiple employer plan. PERS 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 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. Social Security members contributed 6.2% of their gross salaries. The District has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful Acts
- Crime
- Inland Marine; and
- Electronic Data Processing Management Liability



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

First Consolidated Fire District
Marion County
PO Box 305
Caledonia, Ohio 43314

To the Board of Trustees:

We have audited the accompanying financial statements of First Consolidated Fire District, Marion County, Ohio (the District), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 27, 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 certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 27, 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 a certain other matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 27, 2002.

First Consolidated Fire District
Marion 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

June 27, 2002

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?
1999-30651-001	Ohio Rev. Code Section 5705.41(D) – Certificate of expenditures	Partially corrected.



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OFFICE OF THE AUDITOR

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FIRST CONSOLIDATED FIRE DISTRICT

MARION 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
JULY 30, 2002**