



**Auditor of State
Betty Montgomery**

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

SRWW #2 Joint Fire District
Clinton County
148 South Howard Street
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of SRWW #2 Joint Fire District, Clinton County, Ohio (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 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 combined fund cash balances and reserves for encumbrances of the District, as of December 31, 2003 and 2002, 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 June 9, 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 audit.

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 9, 2004

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$153,524	\$0	\$153,524
Intergovernmental	27,975		27,975
Charges for Services	7,000		7,000
Earnings on Investments	322	143	465
Miscellaneous	425	7,306	7,731
	<u>189,246</u>	<u>7,449</u>	<u>196,695</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	17,759		17,759
Public Works	8,291		8,291
Public Safety	28,606		28,606
Other	25,084	5,195	30,279
Debt Service:			
Principal and Interest	90,053		90,053
	<u>169,793</u>	<u>5,195</u>	<u>174,988</u>
Total Disbursements			
Total Receipts Over Disbursements	19,453	2,254	21,707
Fund Cash Balances, January 1	<u>27,706</u>	<u>24,342</u>	<u>52,048</u>
Fund Cash Balances, December 31	<u>\$47,159</u>	<u>\$26,596</u>	<u>\$73,755</u>
Reserves for Encumbrances, December 31	<u>\$6,311</u>	<u>\$0</u>	<u>\$6,311</u>

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

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$147,185	\$0	\$147,185
Intergovernmental	13,437		13,437
Charges for Services	7,000		7,000
Earnings on Investments	1,535	320	1,855
Miscellaneous	4,175	10,614	14,789
	<u>173,332</u>	<u>10,934</u>	<u>184,266</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	21,817		21,817
Public Works	5,195		5,195
Public Safety	118,523		118,523
Other	29,153	18,545	47,698
Debt Service:			
Principal and Interest	96,303		96,303
	<u>270,991</u>	<u>18,545</u>	<u>289,536</u>
Total Disbursements			
Total Receipts (Under) Disbursements	(97,659)	(7,611)	(105,270)
Fund Cash Balances, January 1	<u>125,365</u>	<u>31,953</u>	<u>157,318</u>
Fund Cash Balances, December 31	<u>\$27,706</u>	<u>\$24,342</u>	<u>\$52,048</u>
Reserves for Encumbrances, December 31	<u>\$5,074</u>	<u>\$0</u>	<u>\$5,074</u>

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

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

SRWW #2 Joint Fire District, Clinton 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 four-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the Village of Sabina, Richland Township, Wayne Township and Wilson 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

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 Deposits

Certificates of deposit are valued at cost.

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 funds:

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. Fiduciary Funds

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the District is acting in an agency capacity. The District had the following significant Fiduciary Fund:

Fire Trust Fund and Emergency Management Trust Fund

These Funds are classified as Expendable Trust Funds used to account for all balances of the trust funds that were maintained by the Village of Sabina, but given to the District upon their establishment in 1996. These funds are used to account for all gifts and/or donations received by the District.

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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 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 DEPOSITS

The District maintains a cash and deposits pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 follows:

	2003	2002
Demand deposits	<u>\$73,755</u>	<u>\$52,048</u>

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

**SRWW #2 JOINT FIRE DISTRICT
CLINTON 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	\$153,629	\$189,246	\$35,617
Fiduciary	1,000	7,449	6,449
Total	\$154,629	\$196,695	\$42,066

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$176,811	\$176,104	\$707
Fiduciary	20,642	5,195	15,447
Total	\$197,453	\$181,299	\$16,154

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$153,629	\$173,332	\$19,703
Fiduciary	1,000	10,934	9,934
Total	\$154,629	\$184,266	\$29,637

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$335,126	\$276,065	\$59,061
Fiduciary	36,165	18,545	17,620
Total	\$371,291	\$294,610	\$76,681

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.

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Small Government Fire Department Services Revolving Loan Program	\$12,500	0.00%
Fire Building Principal and Interest	142,605	4.95%
Total	\$155,105	

A non interest bearing loan of \$100,000 was received by the District in 2000 from the State Fire Marshal from the Small Government Fire Department Services Revolving Loan Program to purchase a combination Pumper/Rescue vehicle in accordance with the Ohio Administrative Code 4121-1-21. The District was required to contribute at least five percent of the loan amount to the purchase. The loan period is for four years. The remaining balance is \$12,500.

In November 2001, the District approved and signed an agreement to obtain financing to construct a new fire building. National Bank and Trust loaned the District \$356,513 with an interest rate of 4.95%. The loan is to be repaid in 5 annual payments of \$71,302.57. National Bank and Trust is the fiscal agent for the loan. The remaining balance is \$142,605.

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

	Small Government Loan	Fire Building Loan
Year ending December 31:		
2004	\$12,500	\$71,303
2005		71,303
Total	\$12,500	\$142,605

6. RETIREMENT SYSTEMS

The District's full-time employees 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. For 2003 and 2002, members of PERS 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, 2003.

7. RISK MANAGEMENT

The SRWW #2 Joint Fire District has obtained commercial insurance for the following risks:

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



**Auditor of State
Betty Montgomery**

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

SRWW #2 Joint Fire District
Clinton County
148 South Howard Street
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of SRWW #2 Joint Fire District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 9, 2004. 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. 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 June 9, 2004.

SRWW #2 Joint Fire District
Clinton County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 9, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

SRWW#2 JOINT FIRE DISTRICT

CLINTON 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 24, 2004**