



**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002**



**Auditor of State  
Betty Montgomery**



**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Type – For the Year Ended December 31, 2003.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Type – For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings.....	11

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees  
Wellington Community Fire District  
Lorain County  
202 Kelly Street  
Wellington, Ohio 44090

We have audited the accompanying financial statements of the Wellington Community Fire District, Lorain County, Ohio, (the District) as of and for the years ended December 31, 2003 and December 31, 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.

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 the District, 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 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 fund cash balances and reserve for encumbrances of the Wellington Community Fire District, Lorain County, Ohio as of December 31, 2003 and December 31, 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 July 30, 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 management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Rev. 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

July 30, 2004

**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Type</u>
	<u>General</u>
<b>Cash Receipts:</b>	
Local Taxes	\$497,853
Intergovernmental	67,712
Earnings on Investments	4,258
Miscellaneous	4,004
	<hr/>
Total Cash Receipts	573,827
	<hr/>
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	380,878
General Government	25,367
Other	0
Debt Service:	
Redemption of Principal	61,513
Interest	9,199
Capital Outlay	127,210
	<hr/>
Total Cash Disbursements	604,167
	<hr/>
Total Receipts Over/(Under) Disbursements	(30,340)
	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>	
Sale of Fixed Assets	13,338
	<hr/>
Total Other Financing Receipts/(Disbursements)	13,338
	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,002)
	<hr/>
Fund Cash Balances, January 1	387,508
	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$370,506</b>
	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$21,142
	<hr/> <hr/>

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

**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Type</u>
	<u>General</u>
<b>Cash Receipts:</b>	
Local Taxes	\$488,595
Intergovernmental	65,310
Earnings on Investments	7,129
Miscellaneous	<u>16,867</u>
 Total Cash Receipts	 <u>577,901</u>
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	314,282
General Government	15,926
Other	17,992
Debt Service:	
Redemption of Principal	58,721
Interest	11,991
Capital Outlay	<u>79,179</u>
 Total Disbursements	 <u>498,091</u>
 Total Receipts Over/(Under) Disbursements	 <u>79,810</u>
 Fund Cash Balances, January 1	 <u>307,698</u>
 <b>Fund Cash Balances, December 31</b>	 <b><u><u>\$387,508</u></u></b>
 Reserves for Encumbrances, December 31	 <u><u>\$32,947</u></u>

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



**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wellington Community Fire District, Lorain 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 six-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Brighton Township, Penfield Township, Huntington Township, Wellington Township, Pittsfield Township and Wellington Village. 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**

Demand deposits are valued at cost.

**D. Fund Accounting**

The District uses fund accounting to report its financial position and results of its operations. The General Fund balance is available to the District for any purpose provided it is expended according to the general laws of Ohio.

**E. Budgetary Process**

The Ohio Revised Code requires that the General 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.

**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

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

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

**E. Budgetary Process (Continued)**

**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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**2. EQUITY IN POOLED CASH**

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

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$370,506</u>	<u>\$387,508</u>

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

**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$559,405</u>	<u>\$587,165</u>	<u>\$27,760</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$644,523</u>	<u>\$625,309</u>	<u>\$19,214</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$554,329</u>	<u>\$577,901</u>	<u>\$23,572</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$655,807</u>	<u>\$631,038</u>	<u>\$24,769</u>

**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.

Tangible personal property tax is assessed to the property owners, who must file a list of such property to the County by each April 30.

Lorain County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$131,940	4.69%

The District issued general obligation bonds to finance the purchase of a new fire truck. The bonds were issued on February 28, 2001 in the amount of \$329,831 with maturities through December 31, 2005. The bonds are collateralized solely by the District's taxing authority.

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

	General Obligation Bonds
Year ending December 31:	
2004	\$70,733
2005	70,707
Total	\$141,440

**6. RETIREMENT SYSTEMS**

The District's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide 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 OP&F contributed 10% of their wages to the OP&F. The District contributed an amount equal to 24% of their wages. For 2003 and 2002, members of OPERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The District has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Crime;
- Inland Marine, and
- Errors and omissions.



## Auditor of State Betty Montgomery

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

Board of Trustees  
Wellington Community Fire District  
Lorain County  
202 Kelly Street  
Wellington, Ohio 44090

We have audited the accompanying financial statements of the Wellington Community Fire District, Lorain County, Ohio, (the District) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated July 30, 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, and implemented, and, as requested, operates UAN. 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 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 2003-001. We noted other immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated July 30, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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 the District's management in a separate letter dated July 30, 2004.

Wellington Community Fire District  
Lorain County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the 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

July 30, 2004

**WELLINGTON COMMUNITY FIRE DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>FINDING NUMBER</b>	<b>2003-001</b>
-----------------------	-----------------

Ohio Rev. Code Section 5705.38(A) requires “. . . On or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. . . “

At the meeting in June, the Board of Trustees would approve its annual budget for the subsequent year. At year end, the clerk would file the annual budget, approved the previous June, with the county budget commission. However, the Board of Trustees failed to adopt a measure to approve those appropriations for the years 2003 and 2002. The Board of Trustees should adopt a permanent appropriation resolution at its initial meeting each year.

On August 4, 2004, the Board of Trustees approved Resolutions 2004-10 and 2004-11 retroactively approving the annual appropriations for 2002 and 2003.







**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**WELLINGTON COMMUNITY FIRE DISTRICT**

**LORAIN 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  
OCTOBER 7, 2004**