



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

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**STATE OF OHIO**



**FREDERICKTOWN COMMUNITY FIRE DISTRICT  
KNOX COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Fredericktown Community Fire District  
Knox County  
133 Columbus Road  
Fredericktown, Ohio 43019

To the Board:

We have audited the accompanying financial statements of the Fredericktown Community Fire District (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 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. 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 cash balances 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 18, 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 audits.

This report is intended solely for the information and use of the audit committee, management, the Board 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", written in a cursive style.

**JIM PETRO**  
Auditor of State

June 18, 2002

**FREDERICKTOWN COMMUNITY FIRE DISTRICT  
KNOX COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>Cash Receipts:</b>	
Local Taxes	\$149,759
Intergovernmental	14,948
Charges for Services	800
Earnings on Investments	4,502
Miscellaneous	<u>923</u>
 Total Cash Receipts	 <u>170,932</u>
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	56,972
Other	1,041
Capital Outlay	<u>152,137</u>
 Total Disbursements	 <u>210,150</u>
 Total Receipts Over/(Under) Disbursements	 <u>(39,218)</u>
<b>Other Financing Receipts/(Disbursements):</b>	
Proceeds from Sale of Public Debt:	
Sale of Fixed Assets	<u>4,288</u>
 Total Other Financing Receipts/(Disbursements)	 <u>4,288</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	   <u>(34,930)</u>
 Cash Balance, January 1, 2001	 <u>232,184</u>
 <b>Cash Balance, December 31, 2001</b>	 <b><u><u>\$197,254</u></u></b>
 Reserves for Encumbrances, December 31	 <u><u>\$0</u></u>

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

**FREDERICKTOWN COMMUNITY FIRE DISTRICT  
KNOX COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<b>Cash Receipts:</b>	
Local Taxes	\$141,463
Intergovernmental	14,023
Charges for Services	800
Earnings on Investments	6,864
Miscellaneous	<u>6,762</u>
 Total Cash Receipts	 <u>169,912</u>
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	55,206
Other	362
Capital Outlay	<u>70,261</u>
 Total Disbursements	 <u>125,829</u>
 Total Receipts Over/(Under) Disbursements	 <u>44,083</u>
<b>Other Financing Receipts/(Disbursements):</b>	
Sale of Fixed Assets	<u>1,805</u>
 Total Other Financing Receipts/(Disbursements)	 <u>1,805</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	   45,888
 Cash Balance, January 1, 2000	  <u>186,296</u>
 <b>Cash Balance, December 31, 2000</b>	  <b><u><u>\$232,184</u></u></b>

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

**FREDERICKTOWN COMMUNITY FIRE DISTRICT  
KNOX COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Fredericktown Community Fire District, Knox 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 five-member Board. The District provides fire protection 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. Budgetary Process**

The Ohio Revised Code requires the district to adopt an annual budget.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function and object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**FREDERICKTOWN COMMUNITY FIRE DISTRICT  
KNOX COUNTY**

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

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

**D. 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 CASH**

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

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$197,254</u>	<u>\$232,184</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**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
\$160,300	\$175,220	\$14,920

2001 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$226,500	\$210,150	\$16,350

2000 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$160,300	\$171,717	\$11,417

2000 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$135,000	\$125,829	\$9,171

**FREDERICKTOWN COMMUNITY FIRE DISTRICT  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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 Public Employees Retirement System (PERS) of Ohio. 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 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. The District has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Fredericktown Community Fire District has obtained commercial insurance for the following risks:

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

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

Fredericktown Community Fire District  
Knox County  
133 Columbus Road  
Fredericktown, Ohio 43019

To the Board:

We have audited the accompanying financial statements of the Fredericktown Community Fire District (the District) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 18, 2002. 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 a 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 18, 2002.

Fredericktown Community Fire District  
Knox 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 the audit committee, management and the Board, 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 stylized with a large, looping initial "J" and a long, sweeping underline.

**JIM PETRO**  
Auditor of State

June 18, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**FREDERICKTOWN COMMUNITY FIRE DISTRICT**

**KNOX 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 6, 2002**