



**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



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

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**STATE OF OHIO**



**WALHONDING VALLEY FIRE DISTRICT  
COSHOCOTON COUNTY**

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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 the Walhonding Valley Fire District, Coshocton County, Ohio, (the District) as of and for the years ended December 31, 2001 and 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 combined fund cash balances and reserves for encumbrances of the District as of December 31, 2001 and 2000, 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 April 5, 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 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.

**Jim Petro**  
Auditor of State

April 5, 2002

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCOTON COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<b>2001</b>	<b>2000</b>
<b>Cash Receipts:</b>		
Local Taxes	\$152,356	\$142,232
Intergovernmental	36,515	20,407
Earnings of Investments	496	4,679
Other Revenue	870	4,398
Total Cash Receipts	190,237	171,716
 <b>Cash Disbursements:</b>		
Current:		
General Government	99,086	130,263
Debt Service:		
Redemption of Principal	62,500	30,000
Interest	14,026	339
Capital Outlay	0	329,097
Total Cash Disbursements	175,612	489,699
Total Receipts Over/(Under) Disbursements	14,625	(317,983)
 <b>Other Financing Receipts/(Disbursements):</b>		
Proceeds from Notes	0	280,000
Other Financing Sources	2,847	0
Total Other Financing Receipts/(Disbursements)	2,847	280,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,471	(37,983)
Fund Cash Balance, January 1	44,885	82,868
<b>Fund Cash Balance, December 31</b>	<b>\$62,356</b>	<b>\$44,885</b>
Reserve For Encumbrances, December 31	\$1,818	\$0

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

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**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Walhonding Valley Fire District, Coshocton 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 representative from ten political subdivisions consisting of Bedford Township, Bethlehem Township, Clark Township, Jefferson Township, Monroe Township, Newcastle Township, Perry Township, Tiverton Township, Village of Nellie and Village of Warsaw. The Board of Trustees consists of eleven members: one member from each of the aforementioned subdivisions and one member at large whose appointment is made by one individual subdivision within the District on a two-year rotational basis. The principal purpose of the District is to pool the mutual resources and abilities of the member subdivisions and thereby provide adequate and responsible fire protection for the subdivisions.

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 cash 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 has no investments.

**D. Fund Accounting**

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.

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000  
(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. The District did not encumber all commitments required by Ohio Law.

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**

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$62,357	\$44,885

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

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 174,871	\$ 193,084	\$ 18,213

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 197,547	\$ 177,430	\$ 20,117

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 163,288	\$ 451,716	\$ 288,428

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 247,236	\$ 489,699	\$ (242,463)

Contrary to Ohio Rev. Code Section 5705.41(D), the District did not certify the availability of funds for the majority of its expenditures during 2001 and 2000.

Contrary to Ohio Rev. Code Section 5705.41(B), the District had expenditures in excess of appropriations in 2000.

**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 payments, the first half is due December 31. The second half payment is due the following June 20.

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX (Continued)**

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. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Fire Truck Note	\$250,000	5.75%

In July of 2000, the Walhonding Valley Fire District took out a short term note from Bank One for the down payment on two fire trucks. This note was repaid in one installment in September of 2000.

In September of 2000, the Walhonding Valley Fire District took out a note from Bank One for the purchase of two fire trucks.

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

Year ending December 31:	Fire Truck Note
2002	\$62,500
2003	62,500
2004	62,500
Total	\$187,500

**6. RETIREMENT SYSTEMS**

**A. Public Employees Retirement System**

The District's 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The District has paid all contributions required through December 31, 2001.

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RETIREMENT SYSTEMS (Continued)**

**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, 2001, several firemen have elected Social Security. The Board's liability is 6.2% of wages paid.

**7. RISK MANAGEMENT**

The District is a member of the Ohio Government Risk Management Plan and 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 the Walhonding Valley Fire District, Coshocton County, Ohio, (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as item 2001-41016-001 and 2001-41016-002.

We also noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated April 5, 2002.

**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 April 5, 2002.

Walhonding Valley Fire District  
Coshocton County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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.

**Jim Petro**  
Auditor of State

April 5, 2002

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY**

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

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

**FINDING NUMBER 2001-41016-001**

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall 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 and free of any previous encumbrances, the 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 may authorize payment through a Then and Now Certificate without affirmation of the District Board of Trustees, if such expenditure is otherwise valid

During FY 2001 and 2000, 85% of the expenditures tested were not certified by the Clerk prior to the obligation date of the expenditure. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The Clerk should certify the availability of funds prior to incurring the obligation and should implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

**FINDING NUMBER 2001-41016-002**

**Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated. The appropriation process is a function of the taxing authority that must be performed by those specific individuals elected to fulfill that responsibility and may not be delegated to anyone else.

At December 31, 2000, the General Fund expenditures exceeded appropriations by \$242,463. In addition, appropriations posted to the District’s Appropriation Reports did not always agree to the Annual Appropriation Measure plus supplemental appropriations, as approved by the District Board of Trustees.

The Clerk should ensure that any supplemental appropriations are approved by the Board of Trustees and filed with the County Auditor. The Clerk should frequently compare actual expenditures to appropriations at the object level to avoid overspending.

**WALHONDING VALLEY FIRE DISTRICT  
COSHOCTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-41016-001	Ohio Revised Code § 5705.41 (D) certifying expenditures	No	Not Corrected; see Finding 2001-41016-001



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  
MAY 9, 2002**