



**PORTAGE JOINT FIRE DISTRICT  
OTTAWA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



**PORTAGE JOINT FIRE DISTRICT  
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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Portage Joint Fire District  
Ottawa County  
242 West Water Street  
Oak Harbor, Ohio 43449-1334

To the Board of Trustees:

We have audited the accompanying financial statements of the Portage Joint Fire District, Ottawa County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 fund cash balances of the District, as of December 31, 1999 and 1998, 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 May 12, 2000 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.

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, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

May 12, 2000

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**PORTAGE JOINT FIRE DISTRICT  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$134,729		\$134,729
Intergovernmental	15,685		15,685
Charges for Services	2,150		2,150
Earnings on Investments	4,140		4,140
Miscellaneous	1,874		1,874
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	158,578		158,578
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	53,129		53,129
General Government	43,704		43,704
Other	65		65
Capital Outlay	60,992		60,992
	<hr/>	<hr/>	<hr/>
Total Disbursements	157,890		157,890
Total Receipts Over Disbursements	688		688
Fund Cash Balances, January 1	107,425	\$28,269	135,694
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$108,113</b>	<b>\$28,269</b>	<b>\$136,382</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**PORTAGE JOINT FIRE DISTRICT  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$135,905			\$135,905
Intergovernmental	15,433			15,433
Charges for Services	2,541			2,541
Earnings on Investments	4,457			4,457
Miscellaneous	2,116			2,116
<b>Total Cash Receipts</b>	<u>160,452</u>			<u>160,452</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	38,893			38,893
General Government	41,431			41,431
Other	59			59
Debt Service:				
Redemption of Principal		\$39,500		39,500
Interest		1,944		1,944
Capital Outlay	42,002			42,002
<b>Total Disbursements</b>	<u>122,385</u>	<u>41,444</u>		<u>163,829</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>38,067</u>	<u>(41,444)</u>		<u>(3,377)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		41,444		41,444
Transfers-Out	(41,444)			(41,444)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(41,444)</u>	<u>41,444</u>		
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(3,377)</u>			<u>(3,377)</u>
<b>Fund Cash Balances, January 1</b>	<u>110,802</u>		<u>\$28,269</u>	<u>139,071</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$107,425</u></u>		<u><u>\$28,269</u></u>	<u><u>\$135,694</u></u>

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



**PORTAGE JOINT FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Portage Joint Fire District, Ottawa 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 a three-member Board of Trustees. One board member is a representative from the Salem Township Trustees, the second board member is a representative from the Village of Oak Harbor Council, and the third board member is appointed with the approval of the Township and the 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 and Investments**

Certificates of deposit are valued at cost.

Investments are reported as assets. 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.

**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 following types:

**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. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**PORTAGE JOINT FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects.

**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 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The District did not use the encumbrance method of accounting.

A summary of 1999 and 1998 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 District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$91,382	\$90,694
Certificates of deposit	45,000	45,000
	\$136,382	\$135,694
Total deposits	\$136,382	\$135,694

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

**PORTAGE JOINT FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$133,000</u>	<u>\$158,578</u>	<u>\$25,578</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$240,425	\$157,890	\$82,535
Capital Projects	<u>28,269</u>	<u>          </u>	<u>28,269</u>
Total	<u>\$268,694</u>	<u>\$157,890</u>	<u>\$110,804</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$132,000	\$160,452	\$28,452
Debt Service	<u>41,918</u>	<u>41,444</u>	<u>(474)</u>
Total	<u>\$173,918</u>	<u>\$201,896</u>	<u>\$27,978</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$242,802	\$163,829	\$78,973
Debt Service	<u>41,918</u>	<u>41,444</u>	<u>474</u>
Total	<u>\$284,720</u>	<u>\$205,273</u>	<u>\$79,447</u>

The Township did not properly certify expenditures as required by Ohio law.

**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

**PORTAGE JOINT FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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 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. 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 1999 and 1998, PERS members 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, 1999.

**6. 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. Several employees of the District have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**7. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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



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

Portage Joint Fire District  
Ottawa County  
242 West Water Street  
Oak Harbor, Ohio 43449-1334

To the Board of Trustees:

We have audited the financial statements of the Portage Joint Fire District, Ottawa County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 12, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 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 1999-30162-001.

**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 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 May 12, 2000.

Portage Joint Fire District  
Ottawa 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 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

May 12, 2000

**PORTAGE JOINT FIRE DISTRICT  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-30162-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This section provides two (2) exceptions to the above requirements:

- 1) Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrance, the governing authority may authorize the issuance of a warrant in payment of the amount due upon such contracts or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
  
- 2) If the amount is less than \$1,000, the fiscal officer may authorize is to be paid without the affirmation of the governing authority, if such expenditure is otherwise valid.

None of the vouchers selected for testing were certified by the Clerk at the time the contract or order was made and a Then and Now Certificate had not been issued. We recommend, where possible, the Clerk certify the availability of funds prior to expenditures being made. Where prior certification is not feasible, we encourage the Clerk to utilize then and now certificates or blanket certificates. The failure to properly certify could allow expenditures to exceed available resources.

The Board of Trustees does review and approve all expenditures made during each monthly board meeting.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**PORTAGE JOINT FIRE DISTRICT**

**OTTAWA 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 1, 2000**