



**WEST ELKTON GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

West Elkton Gratis Township Fire District
Preble County
10031 Pleasant Valley Road
Somerville, Ohio 45064

To the Board of Trustees:

We have audited the accompanying financial statements of West Elkton Gratis Township Fire District, Preble 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 audit 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 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 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 balance 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 March 22, 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 officials authorized to receive this report under Section 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

March 22, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

Cash Receipts:

| | |
|-------------------|------------|
| Intergovernmental | \$37,089 |
| Interest | 332 |
| Miscellaneous | <u>220</u> |

Total Cash Receipts 37,641

Cash Disbursements:

| | |
|--------------------|---------------|
| Current: | |
| General Government | 21,770 |
| Other | 2,517 |
| Capital Outlay | <u>61,000</u> |

Total Disbursements 85,287

Total Receipts Over/(Under) Disbursements (47,646)

Other Financing Receipts/(Disbursements):

| | |
|------------------------------------|---------------|
| Proceeds from Sale of Public Debt: | |
| Sale of Notes | <u>41,000</u> |

Total Other Financing Receipts/(Disbursements) 41,000

Excess of Cash Receipts and Other Financing
Receipts Over/(Under) Cash Disbursements
and Other Financing Disbursements (6,646)

Fund Cash Balance, January 1 21,216

Fund Cash Balance, December 31 \$14,570

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

Cash Receipts:

| | |
|-------------------|------------|
| Intergovernmental | \$27,340 |
| Interest | 452 |
| Miscellaneous | <u>160</u> |

Total Cash Receipts 27,952

Cash Disbursements:

| | |
|--------------------|--------------|
| Current: | |
| General Government | 13,507 |
| Other | 775 |
| Capital Outlay | <u>9,505</u> |

Total Disbursements 23,787

Total Receipts Over/(Under) Disbursements 4,165

Fund Cash Balance, January 1 17,051

Fund Cash Balance, December 31 \$21,216

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

West Elkton - Gratis Township Fire District, Preble 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 five member Board of Trustees. Two Board members are appointed by the Village of West Elkton. Two Board members are appointed by Gratis Township. One Board member is appointed at-large.

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Deposits

Interest earned is recognized and recorded when received.

D. Fund Accounting

The District uses fund accounting to segregate cash and deposits that are restricted as to use. The District classifies its funds into the following type:

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.

E. Budgetary Process

The Ohio Revised Code does not require the Fire District to budget annually.

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND DEPOSITS

The Fire District maintains a pool of deposits. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 follows:

| | <u>1999</u> | <u>1998</u> |
|-----------------|------------------|------------------|
| Demand deposits | \$ 14,570 | \$ 21,216 |
| Total deposits | <u>\$ 14,570</u> | <u>\$ 21,216</u> |

Deposits are insured by the Federal Deposit Insurance Corporation.

3. FIRE DISTRICT FUNDING

The Fire District receives funding from Gratis Township and the Village of West Elkton. The funding is derived from fire levy money received by Gratis Township and the Village of West Elkton. Payment is made semi-annually to the Fire District after the Township and Village receive their tax distribution from the Preble County Auditor.

4. DEBT

The District borrowed \$41,000 principal in the form of a one year note at an interest rate of 4.3 percent from First National Bank of Southwestern Ohio in 1999 in order to purchase a fire truck. The District intends to pay off the note over a seven year period, renewing the note each year.

Debt outstanding at December 31, 1999 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------|------------------|----------------------|
| Fire Equipment Acquisition Note | \$ 41,000 | 4.30% |

5. 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 ACCOUNTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

West Elkton Gratis Township Fire District
Preble County
10031 Pleasant Valley Road
Somerville, Ohio 45064

To the Board of Trustees:

We have audited the accompanying financial statements of West Elkton Gratis Township Fire District, Preble County, Ohio (the District), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 22, 2000. We conducted our audit 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 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 March 22, 2000.

This report is intended 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

March 22, 2000



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WEST ELKTON GRATIS TOWNSHIP FIRE DISTRICT

PREBLE 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, 2000**