



**BIG WALNUT JOINT FIRE DISTRICT  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



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

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**STATE OF OHIO**



**BIG WALNUT JOINT FIRE DISTRICT  
MORROW COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statement of Cash Receipts, Cash Disbursements, and Change in Cash Balance For the Years Ended December 31, 2000 and December 31, 1999 .....	3
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Big Walnut Joint Fire District  
Morrow County  
P.O. Box 217  
Marengo, Ohio 43334

Board of Trustees:

We have audited the accompanying financial statements of the Big Walnut Joint Fire District, Morrow County, Ohio, (the District) as of and for the years ended December 31, 2000 and December 31, 1999. 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 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 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 cash balance of the District, as of December 31, 2000 and December 31, 1999, 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 January 26, 2001 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 Section 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

January 26, 2001

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**BIG WALNUT JOINT FIRE DISTRICT  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999**

	<u>2000</u>	<u>1999</u>
<b>Cash Receipts:</b>		
Local Taxes	\$93,487	\$131,289
Intergovernmental	13,415	34,414
Charges for Services	77,650	74,514
Earnings on Investments	5,207	2,790
Miscellaneous	<u>4,708</u>	<u>6,935</u>
Total Cash Receipts	<u>194,467</u>	<u>249,942</u>
<b>Cash Disbursements:</b>		
Current:		
Security of Persons and Property	15,673	10,759
General Government	60,729	53,859
Other	6,894	3,702
Debt Service:		
Redemption of Principal	53,321	21,600
Interest	22,025	2,423
Capital Outlay	<u>40,459</u>	<u>443,184</u>
Total Disbursements	<u>199,101</u>	<u>535,527</u>
Total Receipts Over/(Under) Disbursements	<u>(4,634)</u>	<u>(285,585)</u>
<b>Other Financing Receipts/(Disbursements):</b>		
Proceeds from Note	0	301,414
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>301,414</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,634)	15,829
Cash Balance, January 1	<u>125,678</u>	<u>109,849</u>
<b>Cash Balance, December 31</b>	<b><u>\$121,044</u></b>	<b><u>\$125,678</u></b>

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

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**BIG WALNUT JOINT FIRE DISTRICT  
MORROW COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Big Walnut Joint Fire District, Morrow 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 four-member Board of Trustees. 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. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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 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 canceled, and re-appropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**BIG WALNUT JOINT FIRE DISTRICT  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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 District maintains a cash in a local depository. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 14,720	\$ 36,310
Savings Account	<u>106,324</u>	<u>89,368</u>
Total deposits	<u><u>121,044</u></u>	<u><u>125,678</u></u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

<u>2000 Budgeted vs. Actual Receipts</u>			
	<u>Budgeted</u>	<u>Actual</u>	
	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
	<u>\$ 195,400</u>	<u>\$ 194,467</u>	<u>\$ (933)</u>

<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
	<u>Appropriation</u>	<u>Budgetary</u>	
	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
	<u>\$ 303,670</u>	<u>\$ 199,101</u>	<u>\$ 104,569</u>

<u>1999 Budgeted vs. Actual Receipts</u>			
	<u>Budgeted</u>	<u>Actual</u>	
	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
	<u>\$ 202,574</u>	<u>\$ 551,356</u>	<u>\$ 348,782</u>

**BIG WALNUT JOINT FIRE DISTRICT  
MORROW COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
	<u>\$ 308,301</u>	<u>\$ 535,527</u>	<u>\$ (227,226)</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 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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	<u>\$ 269,693</u>	5%
Total	<u>\$ 269,693</u>	

The District issued a general obligation note to finance the purchase of a new tanker and truck. The note was issued on May 3, 1999 in the amount of \$301,414 with a term of 7 years. Payments will be made in 7 semi-annual installments. The note is collateralized by the District's taxing authority and by the vehicles.

**BIG WALNUT JOINT FIRE DISTRICT  
MORROW COUNTY**

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

**5. DEBT (Continued)**

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

<u>Year ending December 31:</u>	<u>Tanker / Truck Note</u>
2001	52,727
2002	52,727
2003	52,727
2004	52,727
Subsequent	<u>105,453</u>
Total	<u>\$ 316,360</u>

**6. RETIREMENT SYSTEMS**

The District's Clerk belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including post retirement 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. PERS member contributed 8.5% of her gross salary. The District contributed an amount equal to 13.55% of participant's gross salary. The District has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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

**8. SUBSEQUENT EVENT**

The District received the proceeds of a note for the construction of a steel building in the amount of \$750,000 on January 18, 2001.



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

Board of Trustees  
Big Walnut Joint Fire District  
Morrow County  
P.O. Box 217  
Marengo, Ohio 43334

To the Board of Trustees:

We have audited the financial statements of the Big Walnut Fire District, Morrow County, Ohio (the District) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated January 26, 2001. 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 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40659-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 26, 2001.

**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 January 26, 2001.

Big Walnut Fire District  
Morrow County  
Report 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

January 26, 2001

**BIG WALNUT FIRE DISTRICT  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2000-40659-001**

Ohio Rev. Code Section 5705.41(D) states 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. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate - 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 Center 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.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

For all transactions tested, the purchase order date did not precede the invoice date. Therefore, the disbursements were not certified by the fiscal officer until the time of payment. The fiscal officer did not issue "Then and Now Certificates" for these payments.

We recommend, to aid in proper budgetary control, that all applicable obligations be certified by the clerk at the time of obligating the District.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BIG WALNUT FIRE DISTRICT**

**MORROW 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  
FEBRUARY 20, 2001**