



**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Western Holmes County Fire District
Holmes County
7462 SR 179
Lakeville, Ohio 44638

To the Board of Trustees:

We have audited the accompanying financial statements of the Western Holmes County Fire District, Holmes County, Ohio, (the District) as of and for the years ended December 31, 2000 and 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 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 combined fund cash balances and reserves for encumbrances of the District as of December 31, 2000 and 1999, 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 January 16, 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 audits.

Western Holmes County Fire District
Holmes County
Report of Independent Accountants
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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

January 16, 2001

**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

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

	<u>General Fund</u>
Cash Receipts:	
Local Taxes	\$114,910
Intergovernmental	14,377
Charges for Services	17,049
Earnings on Investments	3,306
Miscellaneous	<u>7,653</u>
Total Cash Receipts	<u>157,295</u>
Cash Disbursements:	
Current:	
General Government	42,112
Public Safety	40,120
Public Works	1,147
Capital Outlay	<u>21,824</u>
Total Cash Disbursements	<u>105,203</u>
Total Cash Receipts Over Cash Disbursements	52,092
Fund Cash Balances, January 1	<u>74,660</u>
Fund Cash Balances, December 31	<u><u>\$126,752</u></u>
Reserves for Encumbrances, December 31	<u><u>\$7,997</u></u>

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

**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

**COMBINED 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$115,058	\$0	\$115,058
Intergovernmental	10,926		10,926
Charges for Services	10,588		10,588
Earnings on Investments	1,618		1,618
Miscellaneous	1,125		1,125
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	139,315	0	139,315
Cash Disbursements:			
Current:			
General Government	41,598		41,598
Public Safety	39,159		39,159
Public Works	1,045		1,045
Capital Outlay	23,217		23,217
Debt Service:			0
Redemption of Principal	12,240		12,240
Interest	175	124	299
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	117,434	124	117,558
Total Cash Receipts Over/(Under) Cash Disbursements	21,881	(124)	21,757
Fund Cash Balances, January 1	52,779	124	52,903
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$74,660	\$0	\$74,660
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$10,602	\$0	\$10,602

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

**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Western Holmes County Fire District, Holmes 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 four political subdivisions consisting of the Village of Nashville, Washington Township, Ripley Township, and Knox Township. The Board of Trustees consists of five 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 yearly 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 and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash that is 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 note indebtedness. Proceeds of property tax settlements from the County Auditor were used to retire emergency equipment debt.

**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

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

A summary of 2000 and 1999 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. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$106,752	\$54,660
Certificates of deposits	<u>20,000</u>	<u>20,000</u>
Total deposits	<u>\$126,752</u>	<u>\$74,660</u>

Deposits: Deposits were insured by the Federal Depository Insurance Corporation.

At December 31, 2000, \$26,752 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 152,001	\$ 157,295	\$ 5,294

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 196,059	\$ 113,200	\$ 82,859

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 144,800	\$ 139,315	\$ (5,485)
Debt Service	0	0	0
Total	\$ 144,800	\$ 139,315	\$ (5,485)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 195,636	\$ 128,036	\$ 67,600
Debt Service	124	124	0
Total	\$ 195,760	\$ 128,160	\$ 67,600

**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 payments, 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 2000 and 1999, 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, 2000.

6. DEBT

The District retired a note during 1999 that was used to purchase a rescue vehicle. The total amount retired, including principal and interest, was \$12,539.

7. RISK MANAGEMENT

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool may assess supplemental premiums.

The following risks are covered by the Pool:

- General liability and casualty
- Vehicles
- Public officials' liability



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

Western Holmes County Fire District
Holmes County
7462 SR 179
Lakeville, Ohio 44638

To the Board of Trustees:

We have audited the accompanying financial statements of the Western Holmes County Fire District, Holmes County, Ohio, (the District) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated January 16, 2001. 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 2000-30938-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 16, 2001.

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 January 16, 2001.

Western Holmes County Fire District
Holmes 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

January 16, 2001

WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES 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 2000-30938-001

Noncompliance Citation

Ohio Rev. Code Section 135.18 requires the treasurer of any public subdivision to require all depositories holding public funds to provide security for those public funds in an amount equal to the amount of deposit with the institution.

The District had funds on deposit with a financial institution at December 31, 2000 in the amount of \$26,752 which was not collateralized. To ensure public deposits are secured by either the federal deposit insurance, surety company bonds, or pledged securities, the Clerk should require by agreement that the financial institution provide security for those public funds deposited. The Clerk should periodically review deposit and collateral amounts to determine whether the required collateral is being provided.



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WESTERN HOLMES COUNTY FIRE DISTRICT

HOLMES 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
MARCH 1, 2001**