



**Auditor of State
Betty Montgomery**

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Allen-Clay Joint Fire District
Ottawa County
3155 N. Genoa Clay Center Road
Genoa, OH 43430-9464

To the Board of Trustees:

We have audited the accompanying financial statements of the Allen-Clay Joint Fire District, Ottawa County, (the District) as of and for the years ended December 31, 2002 and 2001. 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 of the District, as of December 31, 2002 and 2001, 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 May 22, 2003 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.

Allen-Clay Joint Fire District
Ottawa County
Independent Accountants' Report
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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 22, 2003

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$561,808		\$561,808
Intergovernmental	99,908	\$9,830	109,738
Charges for Services	50,002	30,945	80,947
Earnings on Investments	11,838		11,838
Miscellaneous	1,470		1,470
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	725,026	40,775	765,801
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	435,739	27,139	462,878
General Government	125,537		125,537
Debt Service:			
Redemption of Principal	15,896		15,896
Interest	15,251		15,251
Capital Outlay	106,644		106,644
	<hr/>	<hr/>	<hr/>
Total Disbursements	699,067	27,139	726,206
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	25,959	13,636	39,595
Fund Cash Balances, January 1	259,840	16,140	275,980
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$285,799</u>	<u>\$29,776</u>	<u>\$315,575</u>

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

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$561,863		\$561,863
Intergovernmental	66,775		66,775
Charges for Services	78,509	\$17,575	96,084
Earnings on Investments	7,802		7,802
Miscellaneous	4,974		4,974
	<hr/>		<hr/>
Total Cash Receipts	719,923	17,575	737,498
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	277,885	1,435	279,320
General Government	149,681		149,681
Debt Service:			
Redemption of Principal	23,654		23,654
Interest	3,453		3,453
Capital Outlay	13,300		13,300
	<hr/>		<hr/>
Total Disbursements	467,973	1,435	469,408
	<hr/>		<hr/>
Total Receipts Over/(Under) Disbursements	251,950	16,140	268,090
	<hr/>		<hr/>
Other Financing Receipts:			
Loan Proceeds	5,000		5,000
	<hr/>		<hr/>
Total Other Financing Receipts	5,000		5,000
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	256,950	16,140	273,090
	<hr/>		<hr/>
Fund Cash Balances, January 1	2,890		2,890
	<hr/>		<hr/>
Fund Cash Balances, December 31	<u>\$259,840</u>	<u>\$16,140</u>	<u>\$275,980</u>

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

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Allen-Clay 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 an appointed four-member Board of Trustees. One board member is appointed by each political subdivision within the District. Each subdivision also appoints one alternate that is to serve in case the primary Board member cannot attend meetings. Those subdivisions are Clay Township, Allen Township, the Village of Genoa, and the Village of Clay Center. The District provides fire protection, rescue services, and emergency medical 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. 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. Special Revenue Fund

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

EMS Fund – This fund is used to record the receipts and disbursements for the ambulance and paramedics for the District. Revenues are derived from billing for runs made.

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

D. 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. 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

E. 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.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

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>2002</u>	<u>2001</u>
Demand deposits	<u>\$315,575</u>	<u>\$275,980</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the District.

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$690,405	\$725,026	\$34,621
Special Revenue	22,000	40,775	18,775
Total	\$712,405	\$765,801	\$53,396

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$951,955	\$699,067	\$252,888
Special Revenue	33,140	27,139	6,001
Total	\$985,095	\$726,206	\$258,889

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$673,850	\$724,923	\$51,073
Special Revenue	7,000	17,575	10,575
Total	\$680,850	\$742,498	\$61,648

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$673,500	\$467,973	\$205,527
Special Revenue	7,000	1,435	5,565
Total	\$680,500	\$469,408	\$211,092

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.

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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, 2002 was as follows:

	Principal	Interest Rate
Mortgage on Property	\$195,607	6.875%
SUV Loan	15,621	6.50%
Total	\$211,228	

The District took out a 15 year mortgage to finance the purchase of the District's headquarters building and surrounding land. The loan was issued on October 30, 2001 in the amount of \$205,000 and has monthly payments due through October 31, 2016. The loan is collateralized solely by the mortgaged property.

The District also took a 36 month loan to purchase a SUV for the paramedics' vehicle. The loan was issued on October 15, 2001 and has monthly payments due through October 14, 2004.

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

Year ending December 31:	Mortgage on Property	SUV Loan
2003	\$22,078	\$9,069
2004	22,078	7,557
2005	22,079	
2006	22,078	
2007	22,078	
2008-2012	110,392	
2013-2016	84,634	
Total	\$305,417	\$16,626

6. RETIREMENT SYSTEMS

The District's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F contributed 10 percent of their wages to the OP&F. The District contributed an amount equal to 24 percent of their wages. OPERS member employees contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

Effective July 1, 1991, all employees not otherwise covered by OPERS or OP&F had an option to choose Social Security. All part-time employees hired by the District are required to be covered by Social Security. The District's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Allen-Clay Joint Fire District
Ottawa County
3155 N. Genoa Clay Center Road
Genoa, OH 43430-9464

To the Board of Trustees:

We have audited the accompanying financial statements of the Allen-Clay Joint Fire District, Ottawa County, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 22, 2003. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated May 22, 2003.

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 22, 2003.

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 22, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ALLEN-CLAY 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
AUGUST 7, 2003**