



**SRWW#2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



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

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**STATE OF OHIO**



**SRWW #2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

SRWW #2 Joint Fire District  
Clinton County  
148 South Howard Street  
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of SRWW #2 Joint Fire District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2001 and 2000. 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 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 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 combined fund cash balances and reserves for encumbrances of the District, as of December 31, 2001 and 2000, 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 24, 2002 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 the 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". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

**Jim Petro**  
Auditor of State

May 24, 2002

**SRWW #2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$148,084	\$0	\$148,084
Intergovernmental	20,565		20,565
Charges for Services	3,500		3,500
Interest	7,873	607	8,480
Miscellaneous	22,493	970	23,463
	<u>202,516</u>	<u>1,577</u>	<u>204,093</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
General Government	20,943		20,943
Public Safety	231,494		231,494
Public Works	5,072		5,072
Other	7,260	4,870	12,130
	<u>264,769</u>	<u>4,870</u>	<u>269,639</u>
<b>Total Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(62,253)</u>	<u>(3,293)</u>	<u>(65,546)</u>
Fund Cash Balances, January 1	<u>187,618</u>	<u>35,246</u>	<u>222,864</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$125,365</b></u>	<u><b>\$31,953</b></u>	<u><b>\$157,318</b></u>
Reserves for Encumbrances, December 31	<u>\$6,504</u>	<u>\$0</u>	<u>\$6,504</u>

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

**SRWW #2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
CHANGES IN FUND CASH BALANCES, AND RESERVE FOR ENCUMBRANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$130,304	\$0	\$130,304
Intergovernmental	113,972		113,972
Charges for Services	6,180		6,180
Interest	5,068	786	5,854
Miscellaneous	2,031	4,877	6,908
	<u>257,555</u>	<u>5,663</u>	<u>263,218</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
General Government	17,840		17,840
Public Safety	260,496		260,496
Public Works	3,755		3,755
Other	10,667	395	11,062
	<u>292,758</u>	<u>395</u>	<u>293,154</u>
<b>Total Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(35,203)</u>	<u>5,268</u>	<u>(29,936)</u>
Fund Cash Balances, January 1	<u>222,821</u>	<u>29,978</u>	<u>252,799</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$187,618</b></u>	<u><b>\$35,246</b></u>	<u><b>\$222,863</b></u>
Reserves for Encumbrances, December 31	<u>\$2,300</u>	<u>\$260</u>	<u>\$2,560</u>

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



**SRWW #2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

SRWW #2 Joint Fire District, Clinton 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 four-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are: the Village of Sabina, Richland Township, Wayne Township, and Wilson Township. 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**

Investments are included in fund cash balances. 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.

Certificates of deposit are valued at cost.

**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. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the District is acting in an agency capacity. The District had the following significant Fiduciary Funds:

**SRWW #2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fire Trust Fund and Emergency Management Trust Fund

The Funds are classified as Expendable Trust Funds used to account for balances of the trust funds that were maintained by the Village of Sabina, but given to the District upon their establishment in 1996. These funds are used to account for all gifts and/or donations received by the District.

**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 2001 and 2000 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.

**SRWW #2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment 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:

	2001	2000
Demand deposits	\$102,716	\$126,293
Certificates of deposit	54,602	96,570
Total deposits	\$157,318	\$222,863

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$149,912	\$202,516	\$52,604
Fiduciary	1,000	1,577	577
Total	\$150,912	\$204,093	\$53,181

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$337,302	\$271,273	\$66,029
Fiduciary	35,958	4,870	31,088
Total	\$373,260	\$276,143	\$97,117

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$148,180	\$257,555	\$109,375
Fiduciary	1,000	5,663	4,663
Total	\$149,180	\$263,218	\$114,038

**SRWW #2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$368,672	\$295,059	\$73,613
Fiduciary	30,920	655	30,265
Total	<u>\$399,592</u>	<u>\$295,714</u>	<u>\$103,878</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

Public utilities are also taxed on personal and real property located within the District.

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, 2001 was as follows:

A non interest bearing loan of \$100,000 was received by the District in 2000 from the State Fire Marshal from the Small Government Fire Department Services Revolving Loan Program to purchase a combination Pumper/Rescue vehicle in accordance with the Ohio Administrative Code 4121-1-21. The District was required to contribute at least five percent of the loan amount to the purchase. The loan period is four years. Payments are required once every quarter on January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup> of \$6,250, for a total of \$25,000 yearly. The first payment was made on April 1<sup>st</sup>, 2000. The remaining balance is \$56,250.

In November 2001, the District approved and signed an agreement to obtain financing to construct a new fire building. National Bank and Trust loaned the District up to \$550,000 with an interest rate of 4.95%. The loan is to be repaid in 5 annual payments of \$71,302.57 with the first payment due November 5, 2002. National Bank and Trust is the fiscal agent for the loan. A certified check is issued to the contractor when a draw is requested by the District. The first payment by National Bank and Trust was made on November 20, 2001.

**SRWW #2 JOINT FIRE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RETIREMENT SYSTEMS**

The employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide 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 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The District has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

The SRWW #2 Joint Fire District has obtained commercial insurance for the following risks:

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

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

SRWW #2 Joint Fire District  
Clinton County  
148 South Howard Street  
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of SRWW #2 Joint Fire District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 24, 2002. We conducted our audit 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 24, 2002.

**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 May 24, 2002.

SRWW #2 Joint Fire District  
Clinton County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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", written in a cursive style.

**Jim Petro**  
Auditor of State

May 24, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**SRWW#2 JOINT FIRE DEPARTMENT**

**CLINTON 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 20, 2002**