



**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
2nd Floor
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Battle Run Joint Fire District
Marion County
209 Battle Street
PO Box 241
Prospect, Ohio 43342

To the Board of Trustees:

We have audited the accompanying financial statements of Battle Run Joint Fire District, Marion County, Ohio, (the District) as of and for the years ended December 31, 1999 and December 31, 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 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 fund cash balances and reserves for encumbrances of the District as of December 31, 1999 and December 31, 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 May 24, 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 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".

JIM PETRO
Auditor of State

May 24, 2000

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$67,408	\$0	\$67,408
Intergovernmental	7,750	0	7,750
Interest	3,229	582	3,811
Miscellaneous	5,846	0	5,846
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	84,233	582	84,815
Cash Disbursements:			
Current:			
Security of Persons and Property	22,526	0	22,526
General Government	16,276	0	16,276
Miscellaneous	14,368	0	14,368
Debt Service:			
Redemption of Principal	0	13,000	13,000
Interest	0	2,840	2,840
Capital Outlay	29,021	0	29,021
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	82,191	15,840	98,031
Total Cash Receipts Over/(Under) Cash Disbursements	2,042	(15,258)	(13,216)
Fund Cash Balances, January 1	15,602	65,754	81,356
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$17,644</u>	<u>\$50,496</u>	<u>\$68,140</u>

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

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$68,721	\$30,115	\$98,836
Intergovernmental	8,118	3,775	11,893
Charges for Services	5,000	0	5,000
Interest	5,254	0	5,254
Miscellaneous	<u>56,922</u>	<u>0</u>	<u>56,922</u>
 Total Cash Receipts	 144,015	 33,890	 177,905
Cash Disbursements:			
Current:			
General Government	52,735	0	52,735
Debt Service:			
Redemption of Principal	0	13,000	13,000
Interest	0	3,620	3,620
Capital Outlay	<u>159,781</u>	<u>0</u>	<u>159,781</u>
 Total Cash Disbursements	 <u>212,516</u>	 <u>16,620</u>	 <u>229,136</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 (68,501)	 17,270	 (51,231)
 Fund Cash Balances, January 1	 <u>84,103</u>	 <u>48,484</u>	 <u>132,587</u>
 Fund Cash Balances, December 31	 <u>\$15,602</u>	 <u>\$65,754</u>	 <u>\$81,356</u>
 Reserves for Encumbrances, December 31	 <u>\$797</u>	 <u>\$0</u>	 <u>\$797</u>

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

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Battle Run Joint Fire District, Marion 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 two-member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions are Prospect Township and the Village of Prospect. The District provides fire protection and rescue services within 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

The investments in STAR Ohio (the State Treasurer's investment pool) are valued at amounts reported by the State Treasurer.

Investments are reported as assets. 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.

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. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds. The District had the following debt service fund:

Bond Retirement Fund - This fund is used to accumulate resources for the payment of the District's general obligation bonds which were used to finance fire station construction and site improvements.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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, 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 individual commitments are made. Encumbrances outstanding at year end are carried over and need not be appropriated.

A summary of 1999 and 1998 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 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>1999</u>	<u>1998</u>
Demand deposits	\$ 24,336	\$ 49,425
Total deposits	24,336	49,425
STAR Ohio	43,804	31,931
Total investments	43,804	31,931
Total deposits and investments	\$ 68,140	\$ 81,356

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 105,451	\$ 84,233	\$ (21,218)
Debt Service	0	582	582
Total	<u>\$ 105,451</u>	<u>\$ 84,815</u>	<u>\$ (20,636)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 118,344	\$ 82,191	\$ 36,153
Debt Service	43,440	15,840	27,600
Total	<u>\$ 161,784</u>	<u>\$ 98,031</u>	<u>\$ 63,753</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 97,541	\$ 144,015	\$ 46,474
Debt Service	32,248	33,890	1,642
Total	<u>\$ 129,789</u>	<u>\$ 177,905</u>	<u>\$ 48,116</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 173,853	\$ 213,313	\$ (39,460)
Debt Service	58,500	16,620	41,880
Total	<u>\$ 232,353</u>	<u>\$ 229,933</u>	<u>\$ 2,420</u>

In 1998 expenditures exceeded appropriations in the general fund by \$39,460 in violation of Ohio law.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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 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, 1999 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 26,000	6.00%

The District issued general obligation bonds to finance construction of the fire station and site improvements. The bonds were issued on April 1, 1987 in the amount of \$180,000 and have maturities through December 1, 2001. The bonds are collateralized solely by the District's taxing authority.

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

Year ending December 31:	General Obligation Bonds
2000	14,560
2001	13,780
Total	\$ 28,340

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY**

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

6. RETIREMENT SYSTEMS

District employees belong to either the Public Employees Retirement System (PERS) of Ohio or Social Security. PERS is a cost-sharing, multiple-employer plan. PERS 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. Social Security members contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive Property
- Commercial General Liability
- Commercial Crime
- Vehicles
- Portable Equipment

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
2nd Floor
Columbus, Ohio 43215

Telephone 614-466-3402
800-443-9275

Facsimile 614-728-7199
www.auditor.state.oh.us

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

Battle Run Joint Fire District
Marion County
209 Battle Street
PO Box 241
Prospect, Ohio 43342

To the Board of Trustees:

We have audited the financial statements of Battle Run Joint Fire District, Marion County, Ohio (the District), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 24, 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 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 1999-30651-001. We also noted a immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated May 24, 2000.

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, 2000.

Battle Run Joint Fire District
Marion 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

May 24, 2000

**BATTLE RUN FIRE DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30651-001

Ohio Rev. Code Section 5705.41(B) states that no taxing authority shall make any expenditure of money unless it has been properly appropriated.

In 1998 expenditures exceeded appropriations in the general fund by \$39,460. We recommend the Clerk closely monitor the appropriation ledger to ensure that expenditures do not exceed appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

BATTLE RUN JOINT FIRE DISTRICT

MARION 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 15, 2000**