



**WELLINGTON COMMUNITY FIRE DISTRICT
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 & 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Wellington Community Fire District
Lorain County
P.O. Box 205
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the accompanying financial statements of Wellington Community Fire District, Lorain County, Ohio, (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 Wellington Community Fire District, Lorain County, Ohio 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 February 7, 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 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

February 7, 2000

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

	General
Cash Receipts:	
Local Taxes	\$393,301
Intergovernmental	41,356
Interest	10,986
Miscellaneous	9,515
Total Cash Receipts	455,158
Cash Disbursements:	
Current:	
Security of Persons and Property	242,766
General Government	13,597
Other	13,387
Debt Service:	
Redemption of Principal	87,000
Interest	9,309
Capital Outlay	83,057
Total Disbursements	449,116
Total Receipts Over/(Under) Disbursements	6,042
Fund Cash Balances January 1	156,874
Fund Cash Balances, December 31	\$162,916
Reserves for Encumbrances, December 31	\$2,604

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

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

	General
Cash Receipts:	
Local Taxes	\$374,415
Intergovernmental	39,691
Interest	5,119
Miscellaneous	13,880
Total Cash Receipts	433,105
Cash Disbursements:	
Current:	
Security of Persons and Property	206,755
General Government	12,432
Other	14,113
Debt Service:	
Redemption of Principal	87,000
Interest	13,963
Capital Outlay	25,382
Total Disbursements	359,645
Total Receipts Over/(Under) Disbursements	73,460
Fund Cash Balances January 1	83,414
Fund Cash Balances, December 31	\$156,874
Reserves for Encumbrances, December 31	\$11,629

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wellington Community Fire District, Lorain County, Ohio, (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 six-member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions are, Brighton Township, Penfield Township, Huntington Township, Wellington Township, Wellington Village, and Pittsfield 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The District uses fund accounting to report its financial position and results of its operations.

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources. The General Fund balance is available to the District for any purpose provided it is expended according to the general laws of Ohio.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The Lorain County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The Lorain 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 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.

G. Unpaid Vacation and Sick Leave

Full-time employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

2. FUND CASH BALANCES

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	\$ 162,916	\$ 76,874
Certificates of deposit	0	80,000
Total deposits	\$ 162,916	\$ 156,874

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 ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 429,778	\$ 455,158	\$ (25,380)

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ <u>461,407</u>	\$ <u>451,720</u>	\$ <u>9,687</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ <u>414,896</u>	\$ <u>433,105</u>	\$ <u>(18,209)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ <u>376,328</u>	\$ <u>371,274</u>	\$ <u>5,054</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 taxes attach as a lien and are levied January 1 of the current year, the same year in which collections are made. Property owners must file a list of such property with the Lorain County Auditor by each April 30.

The Lorain 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 Notes	\$ <u>87,000</u>	5.35%

The District issued general obligation notes to finance the purchase of a new truck and the construction of an addition to the fire station. The notes were issued on December 7, 1995 in the amount of \$161,000 and \$274,000, respectively, and have maturities through December 1, 2000.

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

5. DEBT (Continued)

The notes 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 Notes
2000	\$ <u>91,655</u>

6. RETIREMENT SYSTEMS

The District's full-time fire fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS 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. Employees hired after August 3, 1992 are excluded from PERS membership per House Bill 383 and are required to contribute to Social Security.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The District contributed an amount equal to 24.0% of their wages. PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. Employees contributing to Social Security contribute 6.2% of their gross salaries with the District contributing an equal share. 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 and general liability
- Vehicles
- Crime
- Inland Marine
- Errors and omissions

The District also provides health insurance and dental coverage to full-time employees through a private carrier.



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

Wellington Community Fire District
Lorain County
P.O. Box 205
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the financial statements of Wellington Community Fire District, Lorain County, Ohio (District), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated February 7, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated February 7, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 7, 2000.

Wellington Community Fire District
Lorain County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of management, 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

February 7, 2000



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WELLINGTON COMMUNITY FIRE DISTRICT

LORAIN 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 9, 2000**