



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Porter Kingston Fire District
Delaware County
12844 Olive Green Road
Sunbury, Ohio 43074

To the Board of Trustees:

We have audited the accompanying financial statements of Porter Kingston Fire District, Delaware County, Ohio (the District) as of and for the years ended December 31, 2001 and December 31, 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 fund cash balances of the District, as of December 31, 2001 and December 31, 2000, 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 10, 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 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", written in a cursive style.

JIM PETRO
Auditor of State

May 10, 2002

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

**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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$ 239,673	\$ 18,999	\$ 258,672
Intergovernmental	31,152	2,424	33,576
Earnings on Investments	2,270	-	2,270
Miscellaneous	6,524	-	6,524
Total Cash Receipts	279,619	21,423	301,042
Cash Disbursements:			
Current:			
General Government	43,074	-	43,074
Public Safety	82,090	292	82,382
Debt Service:			
Redemption of Principal	-	10,000	10,000
Interest	-	11,550	11,550
Total Disbursements	125,164	21,842	147,006
Excess of Cash Receipts Over/(Under) Cash Disbursements	154,455	(419)	154,036
Fund Cash Balances, January 1	87,956	2,425	90,381
Fund Cash Balances, December 31	\$ 242,411	\$ 2,006	\$ 244,417

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

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$ 230,890	\$ 21,337	\$ 252,227
Intergovernmental	28,949	2,714	31,663
Earnings on Investments	1,339	-	1,339
Miscellaneous	5,864	-	5,864
	<hr/>		
Total Cash Receipts	267,042	24,051	291,093
	<hr/>		
Cash Disbursements:			
Current:			
General Government	34,385	-	34,385
Public Safety	73,557	155	73,712
Debt Service:			
Redemption of Principal	77,680	10,000	87,680
Interest	5,305	12,250	17,555
	<hr/>		
Total Disbursements	190,927	22,405	213,332
	<hr/>		
Total Receipts Over/(Under) Disbursements	76,115	1,646	77,761
	<hr/>		
Other Financing Receipts			
Proceed from Note	10,000	-	10,000
	<hr/>		
Total Other Financing Receipts	10,000	-	10,000
	<hr/>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	86,115	1,646	87,761
	<hr/>		
Fund Cash Balances, January 1	1,841	779	2,620
	<hr/>		
Fund Cash Balances, December 31	\$ 87,956	\$ 2,425	\$ 90,381
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The notes to the financial statements are an integral part of this statement.

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Porter Kingston Fire District, Delaware 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 a combination of elected officials and appointed officials from Porter Township and Kingston Township. 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. 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

This fund is used to accumulate resources for the payment of bond indebtedness

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 and 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.

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. The District did not use the encumbrance method of accounting.

A summary of 2001 and 2000 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.

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 follows:

	2001	2000
Demand deposits	\$ <u>244,417</u>	\$ <u>90,381</u>
Total deposits	\$ <u>244,417</u>	\$ <u>90,381</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$279,616	\$279,616
Debt Service	0	21,423	21,423
Total	\$0	\$301,039	\$301,039

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$218,500	\$125,164	\$93,336
Debt Service	21,850	21,842	8
Total	<u>\$240,350</u>	<u>\$147,006</u>	<u>\$93,344</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$261,467	\$277,042	(\$15,575)
Debt Service	24,194	24,051	143
Total	<u>\$285,661</u>	<u>\$301,093</u>	<u>(\$15,432)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$242,000	\$190,927	\$51,073
Special Revenue	22,450	22,405	45
Total	<u>\$264,450</u>	<u>\$213,332</u>	<u>\$51,118</u>

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

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.

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:

	Principal	Interest Rate
General Obligation Bonds	\$155,000	7%

The District issued general obligation bonds to finance the construction of a Fire Station. The Bonds were issued on February 6, 1990 in the amount of \$ 240,000.

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

Year ending December 31:	General Obligation Bonds
2002	25,850
2003	24,800
2004	23,750
2005	22,700
2006 – 2010	<u>115,650</u>
Total	<u>\$212,750</u>

6. RETIREMENT SYSTEMS

Full-time 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.

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries 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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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

Porter Kingston Fire District
Delaware County
12844 Olive Green Road
Sunbury, Ohio 43074

To the Board of Trustees:

We have audited the accompanying financial statements of Porter Kingston Fire District, Delaware County, Ohio (the District) as of and for the years ended December 31, 2001 and December 31, 2000 and have issued our report thereon dated May 10, 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 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 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 2001-40621-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 10, 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 10, 2002.

Porter Kingston Fire District
Delaware County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

May 10, 2002

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-40621-001

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Fire District may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

The District did not use the encumbrance method of accounting in 2001 or 2000.

**PORTER KINGSOTON FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40621-001	Ohio Rev Code Section 5705.41 (B) Expenditures exceeding appropriations	Fully Corrected	



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PORTER KINGSTON FIRE DISTRICT

DELAWARE 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 6, 2002**