



**Auditor of State  
Betty Montgomery**



WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Wyandot East Fire District  
Wyandot County  
8512 State Route 231  
Nevada, Ohio 44849

To the Board of Trustees:

We have audited the accompanying financial statements of the Wyandot East Fire District, Wyandot County, Ohio, (the Fire District) as of and for the years ended December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Fire 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 Fire 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 cash balances and reserves for encumbrances of the Fire District, as of December 31, 2002 and December 31, 2001, 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 January 29, 2003, on our consideration of the Fire 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.

Wyandot East Fire District  
Wyandot 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 Section 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

January 29, 2003

**WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>Cash Receipts:</b>	
Taxes	\$76,311
Intergovernmental	8,463
Charges for Services	8,699
Interest	2,418
Miscellaneous	<u>4,118</u>
Total Cash Receipts	<u>100,009</u>
<b>Cash Disbursements:</b>	
Current:	
General Government	5,371
Public Safety	37,860
Capital Outlay	<u>43,685</u>
Total Cash Disbursements	<u>86,916</u>
Total Cash Receipts Over Cash Disbursements	<u>13,093</u>
<b>Other Financing Receipts:</b>	
Sale of Fixed Assets	<u>6,051</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	19,144
Cash Balance, January 1, 2002	<u>112,928</u>
<b>Cash Balance, December 31, 2002</b>	<b><u><u>\$132,072</u></u></b>
Reserve for Encumbrances, December 31, 2002	<u><u>\$4,323</u></u>

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

**WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>Cash Receipts:</b>	
Taxes	\$62,174
Intergovernmental	2,777
Charges for Services	5,585
Interest	3,839
Miscellaneous	<u>120</u>
Total Cash Receipts	<u>74,495</u>
<b>Cash Disbursements:</b>	
Current:	
General Government	4,541
Public Safety	41,488
Capital Outlay	<u>35,423</u>
Total Cash Disbursements	<u>81,452</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(6,957)</u>
<b>Other Financing Receipts:</b>	
Sale of Fixed Assets	<u>2,500</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(4,457)
Cash Balance, January 1, 2001	<u>117,385</u>
<b>Cash Balance, December 31, 2001</b>	<b><u><u>\$112,928</u></u></b>
Reserve for Encumbrances, December 31, 2001	<u><u>\$3,228</u></u>

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



**WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Wyandot East Fire District, Wyandot County, Ohio, (the Fire 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 Fire District is directed by an appointed four-member Board of Trustees. One board member is appointed by each political subdivision within the Fire District. Those subdivisions are Eden Township, Antrim Township, Tod Township, and the Village of Nevada. The Fire District provides fire protection and rescue services within the Fire District and by contract to areas outside the Fire District.

The Fire District's management believes these financial statements present all activities for which the Fire 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. Budgetary Process**

The Ohio Revised Code requires the Fire District to budget annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

**WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Budgetary Process**

**3. Encumbrances**

The Ohio Revised Code requires the Fire District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Fire District did not properly encumber or certify all commitments required by Ohio law.

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.

**2. EQUITY IN CASH**

The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	2002	2001
Deposits	\$82,091	\$62,947
Certificates of deposit	49,981	49,981
Total deposits	\$132,072	\$112,928

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Fire District.

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
\$78,491	\$106,060	\$27,569

**WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
\$182,756	\$91,239	\$91,517

2001 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
\$89,697	\$76,995	(\$12,702)

**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 payments, 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 Fire District.

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Sales Agreement	\$27,500	2.3%

The Fire District entered into a sales agreement for \$40,000 to finance the purchase of real estate. \$12,500 was due at the closing on September 11, 2002.

**WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY**

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

**5. DEBT (Continued)**

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

Year ending December 31:	<u>Sales Agreement</u>
2003	\$7,506
2004	7,349
2005	7,191
2006	<u>7,033</u>
Total	<u>\$29,079</u>

In 2000, the Fire District also entered into a capital lease agreement for the purchase of a pumper truck. The first two payments were made in September 2001 and 2002, and have been classified as capital outlay expenditures on the financial statements. Annual payments of \$31,185 will be made through 2007.

**6. RETIREMENT SYSTEMS**

The Clerk belongs 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.

Contribution rates are also prescribed by the Ohio Revised Code. PERS member employees contributed 8.5% of their gross salaries. The Fire District contributed an amount equal to 13.55% of the Clerk's gross salary. The Fire District has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

The Fire District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.



**Auditor of State  
Betty Montgomery**

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

Wyandot East Fire District  
Wyandot County  
8512 State Route 231  
Nevada, Ohio 44849

To the Board of Trustees:

We have audited the accompanying financial statements of the Wyandot East Fire District, Wyandot County, Ohio, (the Fire District) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated January 29, 2003. 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 Fire 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 2002-40288-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Fire District in a separate letter dated January 29, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Fire 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 Fire District in a separate letter dated January 29, 2003.

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Wyandot East Fire District  
Wyandot County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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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

January 29, 2003

**WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-40288-001**

Certification by Clerk

Ohio Rev. Code Section 5705.41(D), states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract 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 encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- 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 Board 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 \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid.

Forty-eight percent of the transactions tested were not certified by the Clerk at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all disbursements receive certification of the Clerk that the funds are or will be available.

**WYANDOT EAST FIRE DISTRICT  
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40288-001	Revised Code 5705.36 – certification of estimated revenues.	Yes	
2000-40288-002	Revised Code 5705.41(D) – expenditures not properly certified by Clerk prior to commitment being incurred.	No	Not corrected. Finding is being repeated in current audit report.
2000-40288-003	Revised Code 5705.28 – adoption of tax budget.	No	Finding no longer valid for 2002 because the County Budget Commission waived this requirement. Citation for 2001 included in management letter.
2000-40288-004	Revised Code 135.18 – obtaining pledged collateral for deposits.	Yes	





**Auditor of State  
Betty Montgomery**

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**WYANDOT EAST FIRE DISTRICT**

**WYANDOT 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 25, 2003**