



**Auditor of State  
Betty Montgomery**



**CENTRAL TOWNSHIP FIRE DEPARTMENT  
MADISON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Central Township Fire Department  
Madison County  
8695 State Route 56  
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Central Township Fire Department, Madison County, Ohio, (the Department) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the Department'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 Department 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 of the Department as of December 31, 2003, and December 31, 2002, 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 March 10, 2004, on our consideration of the Department'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.

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This report is intended solely for the information and use of the audit committee, 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.

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**Betty Montgomery**  
**Auditor of State**

March 10, 2004

**CENTRAL TOWNSHIP FIRE DEPARTMENT  
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>Cash Receipts:</b>		
Intergovernmental	40,397	0
Charges for Services	171,676	147,928
Earnings on Investments	2,524	4,965
Other Revenue	<u>0</u>	<u>2,129</u>
Total Cash Receipts	<u>214,597</u>	<u>155,022</u>
<b>Cash Disbursements:</b>		
Salaries & Volunteers	13,211	12,754
Maintenance & Supplies	45,024	35,271
Fire Equipment	50,861	239,921
Fuel/Utilities	15,886	12,672
Capital Outlay	845	845
Miscellaneous	<u>26,773</u>	<u>25,841</u>
Total Disbursements	<u>152,600</u>	<u>327,304</u>
Total Receipts Over/(Under) Disbursements	<u>61,997</u>	<u>(172,282)</u>
<b>Other Financing Receipts:</b>		
Sale of Fixed Assets	<u>11,500</u>	<u>3,700</u>
Total Other Financing Receipts	<u>11,500</u>	<u>3,700</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	73,497	(168,582)
Fund Cash Balances, January 1	<u>129,503</u>	<u>298,085</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$203,000</u></u></b>	<b><u><u>\$129,503</u></u></b>

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

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**CENTRAL TOWNSHIP FIRE DEPARTMENT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Central Township Fire Department, Madison County, (the Department) was incorporated on March 26, 1969 and is a governmental not-for-profit corporation legally separate from any other entity. The Department is owned by four townships; Deercreek, Union, Oak Run, and Paint Townships. The Department is directed by an appointed twelve member Board of Trustees consisting of the elected Trustees from each participating township.

The Department receives the majority of its revenue from contracts with the participating townships and two additional townships, Monroe and Somerford Townships. The participating townships pay the Department eight tenths of one mill times the total valuation of said township, while the non-participating townships pay the Department one and two tenths mills times the total valuation of said township for fire protection and rescue services.

The Department has two fire stations, located in Deercreek and Paint Townships. The Department pays each township \$500 annually for the use of each fire station. The fire stations are operated by volunteers from two groups, Deercreek Volunteers and Newport Volunteers.

**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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay and fire equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**E. Budgetary**

The Department Trustees adopt an annual appropriation resolution which dictates the Department's spending limitations.

See Note 3 for summary of the Department's appropriation activity.

**CENTRAL TOWNSHIP FIRE DEPARTMENT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN CASH AND INVESTMENTS**

The Department maintains cash and investments in a local depository. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	2003	2002
Demand deposits	\$203,000	\$129,503

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Department.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$183,636	\$152,600	\$31,036

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
Total	\$382,021	\$327,304	\$54,717

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Central Township Fire Department has obtained commercial insurance for the following risks:

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



## **Auditor of State Betty Montgomery**

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

Central Township Fire Department  
Madison County  
8695 State Route 56  
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Central Township Fire Department, Madison County, Ohio, (the Department) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated March 10, 2004. 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 Department'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department'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.

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This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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**Betty Montgomery**  
**Auditor of State**

March 10, 2004



**Auditor of State  
Betty Montgomery**

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**CENTRAL TOWNSHIP FIRE DEPARTMENT**

**MADISON 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  
APRIL 20, 2004**