



**Auditor of State  
Betty Montgomery**



PEASE COLERAIN TOWNSHIP FIRE DISTRICT #1  
BELMONT COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Pease Colerain Township Fire District #1  
Belmont County  
P.O. Box 228  
Lansing, Ohio 43934

To the Board of Trustees:

We have audited the accompanying financial statements of the Pease Colerain Township Fire District #1, Belmont County, Ohio (the Fire District), as of and for the years ended December 31, 2003 and 2002. 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 balance of the Pease Colerain Township Fire District #1, Belmont County, as of December 31, 2003 and 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 September 20, 2004, 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.

Pease Colerain Township Fire District #1  
Belmont County  
Independent Accountants' Report  
Page 2

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.

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**Betty Montgomery**  
Auditor of State

September 20, 2004

PEASE COLERAIN TOWNSHIP FIRE DISTRICT #1  
BELMONT COUNTY

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

<b>Cash Receipts:</b>	
Local Taxes	\$45,884
Intergovernmental	6,719
Earnings on Investments	<u>540</u>
Total Cash Receipts	<u>53,143</u>
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	45,000
General Government	<u>3,940</u>
Total Cash Disbursements	<u>48,940</u>
Total Cash Receipts Over Cash Disbursements	<u>4,203</u>
Cash Balance, January 1	<u>33,997</u>
<b>Cash Balance, December 31</b>	<b><u><u>\$38,200</u></u></b>

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

PEASE COLERAIN TOWNSHIP FIRE DISTRICT #1  
BELMONT COUNTY

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

<b>Cash Receipts:</b>	
Local Taxes	\$52,536
Intergovernmental	6,781
Earnings on Investments	<u>509</u>
Total Cash Receipts	<u>59,826</u>
<b>Cash Disbursements:</b>	
Current:	
Security of Persons and Property	46,000
General Government	3,924
Other	<u>3,111</u>
Total Cash Disbursements	<u>53,035</u>
Total Cash Receipts Over Cash Disbursements	<u>6,791</u>
Cash Balance, January 1	<u>27,206</u>
<b>Cash Balance, December 31</b>	<b><u><u>\$33,997</u></u></b>

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



**PEASE COLERAIN TOWNSHIP FIRE DISTRICT #1  
BELMONT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Pease Colerain Township Fire District #1, Belmont County (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 two-member Board of Trustees. One board member is appointed by each political subdivision within the Fire District. Those subdivisions are Pease Township and Colerain Township. The Fire District provides fire protection and rescue services within 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. Budgetary Process**

The Ohio Revised Code requires the Fire District to adopt an annual budget.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Fire District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Fire District did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**PEASE-COLERAIN TOWNSHIP FIRE DISTRICT #1  
BELMONT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. 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. CASH**

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

	2003	2002
Demand deposits	\$38,200	\$33,997

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
	\$57,000	\$53,143	(\$3,857)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$57,000	\$48,940	\$8,060

2002 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
	\$53,700	\$59,826	\$6,126

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$56,100	\$53,035	\$3,065

**PEASE-COLERAIN TOWNSHIP FIRE DISTRICT #1  
BELMONT COUNTY**

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

Public utilities are also taxed on personal and real property located within the Fire 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 Fire District.

**5. RETIREMENT SYSTEM**

The Fire District's Trustees and the Clerk belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. For 2003 and 2002, members of OPERS contributed 8.5% of their gross salaries. The Fire District contributed an amount equal to 13.55% of participants' gross salaries. The Fire District has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Fire District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

The Fire District is uninsured for the following risks:

- Errors and omissions.

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**Auditor of State  
Betty Montgomery**

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

Pease Colerain Township Fire District #1  
Belmont County  
P.O. Box 228  
Lansing, Ohio 43934

To the Board of Trustees:

We have audited the accompanying financial statements of the Pease Colerain Township Fire District #1, Belmont County, Ohio (the Fire District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 20, 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 Fire District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to the Fire District's management in a separate letter dated September 20, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Fire District's internal control over financial reporting 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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the Fire District's management in a separate letter dated September 20, 2004.

Pease Colerain Township Fire District #1  
Belmont County  
Independent Accountants' 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 20, 2004

PEASE COLERAIN TOWNSHIP FIRE DISTRICT #1  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached 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.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41(D)(1):

- A. Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 (\$3,000 after April 7, 2003) may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "Then and Now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

All obligations paid by the Fire District Clerk had a statement attached indicating the purchase was lawfully appropriated or in the process of collection to the credit of the appropriate account, free from any previous encumbrance; however, this certification was not obtained prior to incurring obligations for all transactions tested and there was no evidence of a "Then and Now" certificate being used by the Fire District Clerk.

We recommend the Fire District officials obtain the Fire District Clerk's certification of available funds for all disbursements prior to incurring the obligation.

**PEASE COLERAIN TOWNSHIP FIRE DISTRICT #1  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-41007-001	Ohio Rev. Code Section 5705.41(D)(1) for not properly certifying the availability of funds prior to incurring obligations.	No	Not corrected; Repeated as Finding No. 2003-001.





**Auditor of State  
Betty Montgomery**

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**PEASE COLERAIN TOWNSHIP FIRE DISTRICT #1**

**BELMONT 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  
NOVEMBER 16, 2004**