



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

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, 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 audits.

We conducted our audits 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 audits 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 audits provide 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 Porter Kingston Fire District, Delaware 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 May 19, 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 the 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, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

May 19, 2000

**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, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$215,707	\$21,056	\$236,763
Intergovernmental	27,193	0	27,193
Earnings on Investments	1,081	0	1,081
Miscellaneous	12,262	0	12,262
	<u>256,243</u>	<u>21,056</u>	<u>277,299</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Public Safety	62,931	0	62,931
General Government	29,604	0	29,604
Debt Service:			
Redemption of Principal	83,840	10,000	93,840
Interest	7,219	12,950	20,169
Capital Outlay	186,934	0	186,934
	<u>370,528</u>	<u>22,950</u>	<u>393,478</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(114,285)</u>	<u>(1,894)</u>	<u>(116,179)</u>
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes	49,925	0	49,925
Transfers-In	0	2,010	2,010
Transfers-Out	(2,010)	0	(2,010)
	<u>47,915</u>	<u>2,010</u>	<u>49,925</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(66,370)	116	(66,254)
Fund Cash Balances, January 1, 1999	<u>68,211</u>	<u>663</u>	<u>68,874</u>
Fund Cash Balances, December 31, 1999	<u>\$1,841</u>	<u>\$779</u>	<u>\$2,620</u>

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, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Local Taxes	\$115,347	\$14,911	\$130,258
Intergovernmental	14,813	0	14,813
Earnings on Investments	2,704	0	2,704
Miscellaneous	7,753	0	7,753
	<u>140,617</u>	<u>14,911</u>	<u>155,528</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Public Safety	70,240	0	70,240
General Government	31,429		31,429
Debt Service:			
Redemption of Principal	33,840	10,000	43,840
Interest	8,599	13,650	22,249
	<u>144,108</u>	<u>23,650</u>	<u>167,758</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	(3,491)	(8,739)	(12,230)
Fund Cash Balances, January 1, 1998	<u>71,702</u>	<u>9,402</u>	<u>81,104</u>
Fund Cash Balances, December 31, 1998	<u>\$68,211</u>	<u>\$663</u>	<u>\$68,874</u>

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, 1999 AND 1998**

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. Cash and Investments

The District's depository balance is with the Delaware County Bank and Trust.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are 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 bonds and note indebtedness.

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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.

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 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash pool used by all funds. 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	\$ <u>2,620</u>	\$ <u>68,874</u>
Total deposits	<u><u>2,620</u></u>	<u><u>68,874</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, and/or (2) collateralized by the financial institution's public entity deposit pool.

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 334,634	\$ 306,168	\$ (28,466)
Debt Service	21,579	23,066	1,487
Total	<u>\$ 356,213</u>	<u>\$ 329,234</u>	<u>\$ (26,979)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 284,914	\$ 372,538	\$ (87,624)
Debt Service	22,950	22,950	0
Total	<u>\$ 307,864</u>	<u>\$ 395,488</u>	<u>\$ (87,624)</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 203,940	\$ 140,617	\$ (63,323)
Debt Service	24,221	14,911	(9,310)
Total	<u>\$ 228,161</u>	<u>\$ 155,528</u>	<u>\$ (72,633)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 159,100	\$ 144,108	\$ 14,992
Debt Service	23,650	23,650	0
Total	<u>\$ 182,750</u>	<u>\$ 167,758</u>	<u>\$ 14,992</u>

In 1999, expenditures exceeded appropriations by \$87,624 in the General Fund, which is in violation of Ohio law.

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

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 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, 1999 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 175,000	7%
General Obligation Notes	67,680	6.25%
Total	\$ 242,680	

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

The District issued general obligation notes to purchase a pumper truck. The notes were issued on August 8, 1996 in the amount of \$169,200.

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

Year ending December 31:	General Obligation Bonds	General Obligation Notes
2000	\$ 22,250	\$ 38,141
2001	21,550	35,984
2002	25,850	0
2003	24,800	0
2004	23,750	0
Subsequent	138,350	0
Total	\$ 256,550	\$ 74,125

**PORTER KINGSTON FIRE DISTRICT
DELAWARE COUNTY**

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

6. RETIREMENT SYSTEMS

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. These plans provide 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 1999 and 1998 PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. 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
- Errors and omissions

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

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

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, 1999 and December 31, 1998, and have issued our report thereon dated May 20, 2000. We conducted our audits 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 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 1999-40621-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-40621-001.

Internal Control Over Financial Reporting
(Continued)

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 19, 2000.

This report is intended for the information and use of the 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

May 19, 2000

**PORTER KINGSTON FIRE DISTRICT
SCHEDULE OF FINDINGS**

DECEMBER 31, 1999 AND 1998

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

Material Noncompliance/Reportable Condition

Finding Number 1999-40621-001

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Expenditures exceeded appropriations in 1999 at the fund-function-object code level for the following:

Fund-Appropriation Line Item	Appropriation	Expenditure	Variance
General Fund			
Public Safety			
Tools & Equipment	120,000	205,541	(85,541)
Supplies	20,000	50,138	(30,138)
Other	50,414	70,108	(19,694)

The Board did not amend appropriations in connection with new equipment purchases and tax anticipation notes.

We recommend the District ensure that expenditures do not exceed appropriations at any time during the year and at year end by approving amendments at the legal level of control on a frequent basis. In addition, if the total appropriations are increased or decreased, the amended appropriations should be submitted to the County Auditor.



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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 22, 2000**