



Dave Yost • Auditor of State

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bladensburg Joint Fire District
Knox County
3790 South Market Street
Bladensburg, Ohio 43005

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Bladensburg Joint Fire District, (the District) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Bladensburg Joint Fire District, Knox County, Ohio, as of December 31, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report September 29, 2015, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 29, 2015

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 104,948	\$ -	\$ 30,554	\$ 135,502
Charges for Services	-	43,598	-	43,598
Intergovernmental	19,629	-	-	19,629
Earnings on Investments	291	-	-	291
Miscellaneous	2,867	2,852	-	5,719
Total Cash Receipts	<u>127,735</u>	<u>46,450</u>	<u>30,554</u>	<u>204,739</u>
Cash Disbursements:				
Current Disbursements:				
General Government	13,540	-	-	13,540
Public Safety	114,936	39,231	-	154,167
Debt Service:				
Principal Retirement	-	12,362	27,379	39,741
Interest and Fiscal Charges	-	905	3,175	4,080
Total Cash Disbursements	<u>128,476</u>	<u>52,498</u>	<u>30,554</u>	<u>211,528</u>
Net Change in Fund Cash Balance	(741)	(6,048)	-	(6,789)
Fund Cash Balances, January 1	<u>100,195</u>	<u>75,920</u>	<u>-</u>	<u>176,115</u>
Fund Cash Balances, December 31				
Restricted	-	69,872	-	69,872
Assigned	99,454	-	-	99,454
<i>Fund Cash Balances, December 31</i>	<u>\$ 99,454</u>	<u>\$ 69,872</u>	<u>\$ -</u>	<u>\$ 169,326</u>

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

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 102,914	\$ -	\$ 30,554	\$ 133,468
Charges for Services	-	46,860	-	46,860
Intergovernmental	19,256	-	-	19,256
Earnings on Investments	274	-	-	274
Miscellaneous	1,747	-	-	1,747
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	124,191	46,860	30,554	201,605
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current Disbursements:				
Public Safety	94,972	32,069	-	127,041
Debt Service:				
Principal Retirement	-	11,794	26,160	37,954
Interest and Fiscal Charges	-	1,473	4,394	5,867
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Total Cash Disbursements	94,972	45,336	30,554	170,862
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Cash Balance	29,219	1,524	-	30,743
Fund Cash Balances, January 1	70,976	74,396	-	145,372
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Fund Cash Balances, December 31				
Restricted	-	75,920	-	75,920
Assigned	96,957	-	-	96,957
Unassigned (Deficit)	3,238	-	-	3,238
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 100,195</u>	<u>\$ 75,920</u>	<u>\$ -</u>	<u>\$ 176,115</u>

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

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Bladensburg Joint Fire District, Knox County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. The Board consists of a trustee from each Township and a council person from the Village of Martinsburg. Those subdivisions are Clay Township, Jackson Township and Martinsburg Village. 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. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Fund

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had one Special Revenue Fund:

Fire and Rescue, Ambulance and Emergency Medical Services Fund - This fund receives charges for services for providing emergency related services.

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had one Debt Service Fund:

Debt Service Fund – This fund receives property tax money for paying off outstanding debt.

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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year

A summary of 2014 and 2013 budgetary activity appears in Note 3.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Deposits

The District maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	<u>\$169,326</u>	<u>\$176,115</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and December 31, 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,346	\$127,735	\$20,389
Special Revenue	50,000	46,450	(3,550)
Debt Service	30,554	30,554	0
Total	\$187,900	\$204,739	\$16,839

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$204,303	\$128,476	\$75,827
Special Revenue	125,603	52,498	73,105
Debt Service	30,554	30,554	0
Total	\$360,460	\$211,528	\$148,932

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,746	\$124,191	\$13,445
Special Revenue	50,000	46,860	(3,140)
Debt Service	30,554	30,554	0
Total	\$191,300	\$201,605	\$10,305

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,751	\$94,972	\$85,779
Special Revenue	124,182	45,336	78,846
Debt Service	30,554	30,554	0
Total	\$335,487	\$170,862	\$164,625

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
2009 Ambulance Bond	\$25,618	4.75%
2011 Fire Truck Bond	32,712	4.50%
Total	\$58,330	

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

	2009 Ambulance Bond	2011 Fire Truck Bond
Year ending December 31:		
2015	\$26,534	\$17,287
2016	0	\$17,287
Total	\$26,534	\$34,574

6. Risk Management

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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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Bladensburg Joint Fire District
Knox County
3790 South Market Street
Bladensburg, Ohio 43005

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Bladensburg Joint Fire District, Knox County, Ohio (the District) as of and for the years ended December 31, 2014 and December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2015 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 29, 2015

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness/Financial Statement Presentation

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the District's financial statements.

An audit adjustment and several audit reclassifications were posted to the District's December 31, 2013 and 2014 financial statements and, where applicable, the accounting records to accurately reflect account balances. The following posting errors were noted:

Posting Error:	2013:	2014:
General Fund activity recorded as a Special Revenue Fund.	\$0	Tax receipts of \$127,444 Earnings on investments of \$291 General government disbursements of \$13,540 Public safety disbursements of \$114,936 Fund balance of \$99,454
General Fund homestead and rollback receipts posted as taxes instead of intergovernmental receipts.	\$0	\$19,629
General Fund miscellaneous receipts posted as taxes instead of miscellaneous receipts.	\$0	\$3,767
General Fund balance classified as Unassigned when it should be Assigned.	\$96,957	\$99,454
Debt Service Fund tax receipts posted as intergovernmental instead of tax receipts.	\$0	\$30,554
Debt Service Fund interest payments incorrectly classified as principal.	\$666	\$3,175
Ambulance and EMS Fund principal payments incorrectly classified as capital outlay.	\$11,794	\$12,362
Ambulance and EMS Fund interest payments incorrectly classified as capital outlay.	\$1,473	\$905
Ambulance and EMS Fund charges for services posted as miscellaneous receipts.	\$0	\$220
Ambulance and EMS Fund offset of receipt and disbursement of insurance proceeds in the same year.	\$0	\$3,410

The District's financial statements have been adjusted to accurately reflect the above classifications.

**BLADENSBURG JOINT FIRE DISTRICT
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-001 (Continued)

Material Weakness/Financial Statement Presentation (Continued)

Not posting receipts and expenditures accurately to the ledgers resulted in the financial statements requiring audit adjustments and reclassification entries; furthermore, inaccurate accounting records could make it difficult for the Board of Trustees to effectively monitor the District's activities or identify misstatements or errors in a timely manner.

We recommend the District's Fiscal Officer takes the necessary steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions. In addition, the District should also review AOS Bulletin 2011-004 for guidance on GASB Statement No. 54 requirements. By exercising accuracy in recording financial activity, the District can reduce posting errors and increase the reliability of the financial data throughout the year.

We also recommend the District implement additional procedures over the completeness and accuracy of financial information reported within the annual financial report. Such procedures may include review of the financial statements and related components with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

Officials' Response: The District has made necessary adjustments to the accounting records and now understands the issue with the reporting of the Fire District General Fund. The District will be sure to be more careful with assuring proper reporting of funds in the future.



Dave Yost • Auditor of State

**BLADENSBURG TOWNSHIP JOINT FIRE DISTRICT
KNOX 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 5, 2015**