



**Certified Public Accountants, A.C.**

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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# Dave Yost • Auditor of State

Board of Trustees  
BPM Joint Fire District  
PO Box 1 7 Cross Street  
Bloomington, OH 43106

We have reviewed the *Independent Auditor's Report* of the BPM Joint Fire District, Fayette County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The BPM Joint Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 10, 2018

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**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

July 2, 2018

BPM Joint Fire District  
Fayette County  
P.O. Box 1  
Bloomington, Ohio 43106

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of **BPM Joint Fire District**, Fayette County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016.

### ***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.

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

As described in Note 2 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.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 permitted 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, 2017 and 2016, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

District fire service billings are reported at \$2,585, and \$3,490 for the years ended December 31, 2017 and 2016, respectively, which are 100 percent of Special Revenue receipts for the year ended December 31, 2017, and 100 percent of Special Revenue receipts for the year ended December 31, 2016. The District outsourced fire and rescue billing activity to a third-party administrator. The financial statements report these billing receipts in the cost recovery fund (a Special Revenue Fund). The third-party administrator did not provide us with information we requested regarding the design or proper operation of its internal controls for 2017 and 2016. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification paragraph*, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of BPM Joint Fire District, Fayette County as of December 31, 2017 and 2016, and 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 2.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2018, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

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**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 99,838	\$ -	\$ 99,838
Charges for Services	-	2,585	2,585
Contracts	23,468	-	23,468
Intergovernmental	7,054	-	7,054
Earnings on Investments	24	-	24
Miscellaneous	3,660	-	3,660
	<b>134,044</b>	<b>2,585</b>	<b>136,629</b>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	64,687	-	64,687
Debt Service:			
Principal Retirement	35,792	-	35,792
Interest and Fiscal Charges	12,790	-	12,790
	<b>113,269</b>	<b>-</b>	<b>113,269</b>
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	20,775	2,585	23,360
<i>Fund Cash Balances, January 1</i>	212,214	4,280	216,494
<b>Fund Cash Balances, December 31</b>			
Restricted	-	6,865	6,865
Assigned	232,989	-	232,989
	<b>\$ 232,989</b>	<b>\$ 6,865</b>	<b>\$ 239,854</b>
<i>Fund Cash Balances, December 31</i>			

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

**BPM JOINT FIRE DISTRICT**  
*FAYETTE COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the BPM Joint Fire District, Fayette County, Ohio (the District), as a body corporate and politic. A three member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Bloomingburg, Paint Township, Marion Township, and Madison Township. Madison Township has elected not to have a representative on the Board. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes these financial statements present all activities for which the district is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

***Fund Accounting***

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund.

***Special Revenue Funds*** This fund 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 the following significant Special Revenue Fund:

***Cost Recovery Fund*** This fund reports all financial resources received from the Cost Recovery Corp for the billing from fire runs. This fund is used for supplies and equipment for fire runs.

***Basis of Accounting***

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.

**BPM JOINT FIRE DISTRICT**  
**FAYETTE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**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. Appropriations lapse at year-end.

**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.

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

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The District maintained a checking account. The District had no investments.

***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:

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

***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.

***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.

***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.

***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.

**BPM JOINT FIRE DISTRICT**  
**FAYETTE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

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.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 123,773	\$ 134,044	\$ 10,271
Special Revenue	2,000	2,585	585
Total	\$ 125,773	\$ 136,629	\$ 10,856

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 310,818	\$ 113,269	\$ 197,549
Special Revenue	2,667	-	2,667
Total	\$ 313,485	\$ 113,269	\$ 200,216

**Note 4 – Deposits and Investments**

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

	2017
Demand deposits	\$ 239,854
Total deposits	\$ 239,854

**BPM JOINT FIRE DISTRICT**  
*FAYETTE COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 4 – Deposits and Investments (Continued)**

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**Note 5 – Property Taxes**

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.

**Note 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.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for OPERS members in the Traditional Pension Plan was 1.0 percent during calendar year 2017.

**BPM JOINT FIRE DISTRICT**  
**FAYETTE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
(Continued)

**Note 9 – Debt**

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
Fire Building Bond	\$ 340,465	3.20%

On July 27, 2016, the District entered into a loan in the amount of \$376,257 for the payment of the new Fire building. The terms of repayment for the debt is on demand, if no demand is made of the semi-annual payments of \$24,291 beginning February 27, 2017.

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

	Bank Loan
2018	\$ 48,582
2019	48,582
2020	48,582
2021	48,582
2022	48,582
2023-2025	145,746
Total	\$ 388,656



**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 97,991	\$ -	\$ 97,991
Charges for Services	-	3,490	3,490
Contracts	26,933	-	26,933
Intergovernmental	7,040	-	7,040
Earnings on Investments	20	-	20
Miscellaneous	159	-	159
<i>Total Cash Receipts</i>	<u>132,143</u>	<u>3,490</u>	<u>135,633</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	74,374	3,000	77,374
Debt Service:			
Principal Retirement	399,861	-	399,861
Interest and Fiscal Charges	7,692	-	7,692
<i>Total Cash Disbursements</i>	<u>481,927</u>	<u>3,000</u>	<u>484,927</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(349,784)	490	(349,294)
<b>Other Financing Receipts</b>			
Bond Proceeds	376,257	-	376,257
<i>Total Other Financing Receipts</i>	<u>376,257</u>	<u>-</u>	<u>376,257</u>
<i>Net Change in Fund Cash Balances</i>	26,473	490	26,963
<i>Fund Cash Balances, January 1</i>	<u>185,741</u>	<u>3,790</u>	<u>189,531</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	4,280	4,280
Assigned	187,045	-	187,045
Unassigned	25,169	-	25,169
<i>Fund Cash Balances, December 31</i>	<u>\$ 212,214</u>	<u>\$ 4,280</u>	<u>\$ 216,494</u>

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

**BPM JOINT FIRE DISTRICT**  
*FAYETTE COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the BPM Joint Fire District, Fayette County, Ohio (the District), as a body corporate and politic. A three member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Bloomingburg, Paint Township, Marion Township, and Madison Township. Madison Township has elected not to have a representative on the Board. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes these financial statements present all activities for which the district is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

***Fund Accounting***

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund.

***Special Revenue Fund*** This fund 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 the following significant Special Revenue Fund:

***Cost Recovery Fund*** This fund reports all financial resources received from the Cost Recovery Corp for the billing from fire runs. This fund is used for supplies and equipment for fire runs.

***Basis of Accounting***

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.

**BPM JOINT FIRE DISTRICT**  
**FAYETTE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**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. Appropriations lapse at year-end.

**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.

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

A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The District maintained a checking account. The District had no investments.

***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:

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

***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.

***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.

***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.

***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.

**BPM JOINT FIRE DISTRICT**  
**FAYETTE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

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.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 500,211	\$ 508,400	\$ 8,189
Special Revenue	2,200	3,490	1,290
Total	\$ 502,411	\$ 511,890	\$ 9,479

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 685,952	\$ 483,050	\$ 202,902
Special Revenue	5,990	3,000	2,990
Total	\$ 691,942	\$ 486,050	\$ 205,892

**Note 4 – Deposits and Investments**

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

	2016
Demand deposits	\$ 216,494
Total deposits	\$ 216,494

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**BPM JOINT FIRE DISTRICT**  
*FAYETTE COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 5 – Property Taxes**

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.

**Note 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.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for OPERS members in the Traditional Pension Plan was 2.0 percent during calendar year 2016.

**BPM JOINT FIRE DISTRICT**  
**FAYETTE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

**Note 9 – Debt**

Debt outstanding at December 31, 2016, was as follows:

	Principal	Interest Rate
Fire Building Bond	\$ 376,257	3.20%

On July 27, 2016, the District entered into a bond in the amount of \$376,257 for the payment of the new Fire building. The terms of repayment for the debt is on demand, if no demand is made of the quarterly payments of \$24,291 beginning February 27, 2017. The bond was entered into to repay the previous loan held by Fifth Third Bank.

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

	Bank Loan
2017	\$ 48,582
2018	48,582
2019	48,582
2020	48,582
2021	48,582
2022-2025	194,328
Total	\$ 437,238

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

July 2, 2018

BPM Joint Fire District  
Fayette County  
P.O. Box 1  
Bloomington, Ohio 43106

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 **BPM Joint Fire District**, Fayette County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 2, 2018, 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. We also qualified our opinion due to lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts

**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.

*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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2017-001 through 2017-003 to be material weaknesses.

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### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-004.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 2, 2018.

### **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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness**

**Service Organization**

The BPM Joint Fire District (the District) has outsourced its fire and rescue service billing and collection activity, which is a significant accounting function, to a third-party administrator. The fire and rescue revenue accounts for 100% of the receipts recorded in the Special Revenue Fund. The District has not established procedures to reasonably determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that fire and rescue service billing and collection activity has been completely and accurately processed.

The third-party administrator did not provide the District with the information regarding the design or proper operation of its internal controls for 2017 and 2016. We were unable to obtain sufficient audit evidence supporting completeness and accuracy the amounts recorded as charges for services in the cost recovery Special Revenue Fund, as a result, we have modified our opinion.

We recommend the District obtain assurances of the completeness and accuracy of fire and rescue service billing and collection activity processed by its third-party administrator. Statement on Standards for Attestation Engagements No. 16 Reporting on Controls at a Service Organization (SSAE No. 16), prescribed standards for reporting on service organizations. An unqualified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with SSAE No. 16 should provide the District with reasonable assurance that fire and rescue service billing and collection activity has been completely and accurately processed.

We recommend the District require a Type Two Service Organization Report (SOC) 1 report in its contract with the third-party administrator. The District should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accounts' standards and be performed by a firm registered and in good standing with Accountancy Board of the respective state. If the third-party administrator refuses to furnish the District with the Type Two SOC report, we recommend the District contract with a third-party administrator that will provide this report. As an alternative to a SOC 1 Report, the District may monitor billings and collections in its administrator processes.

The District can monitor these billings by obtaining reports of fire and rescue collections and comparing them to fire and rescue runs reports, and then re-determining.

- The collection agrees to a run
- The collection agrees to approved fee schedule

**Management's Response** – We did not receive a response from officials to this finding.

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-002**

**Material Weakness**

**Financial Reporting**

The required components of the financial statements will vary by entity type and basis of accounting. Regulatory Cash Basis entities are required to file financial statements and notes to the financial statements within 60 days of the fiscal year end. *GASB Codification 2300* explains that notes to the financial statements are intended to communicate information that is necessary for a fair presentation of the financial statements that is not readily apparent from, or cannot be included in, the financial statements themselves. The notes to the financial statements are an integral part of the financial statements, intended to be read with the financial statements, and are the entity's responsibility to prepare. To ensure compliance with the annual financial report filing requirements, entities should plan sufficient time and engage any necessary assistance to prepare their annual financial report.

During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the:

- Deposits note to agree cash balance to financials
- Summary of Significant Accounting Policies removal of Capital Project Fund
- Postemployment Benefits inclusion
- Budgetary Activity note to agree to financials
- Basis for Accounting updated

We recommend the District use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report.

**Management's Response** – We did not receive a response from officials to this finding

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-003**

**Material Weakness**

**Fund Balance Classifications**

The District should have procedures and controls in place to help prevent and detect errors in financial reporting. The following errors were identified on the financial statements:

Governmental Accounting Standards Board (GASB) Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions requires that when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources) for the General Fund, the excess is to be assigned as it is the only fund with a positive unassigned fund balance. The District misclassified the following items:

- The General Fund balance was classified as Unassigned when it should have been Assigned in 2017 and 2016;

We recommend the District review Auditor of State Technical Bulletin 2011-04 for information on classifying fund balance.

**Management’s Response** – We did not receive a response from officials to this finding

**FINDING NUMBER 2017-004**

**Noncompliance**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision’s fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**BPM JOINT FIRE DISTRICT  
FAYETTE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-004 (Continued)**

**Noncompliance (Continued)**

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The District did not properly certify the availability of funds prior to purchase commitment for 22% of the expenditures tested for 2017.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the District. When prior certification is not possible, "then and now" certification should be used.

**Management's Response –** We did not receive a response from officials to this finding

**BPM FIRE DISTRICT  
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Third party administrator insufficient controls; lack of SOC 1	Not Corrected	Reissued as Finding 2017-001
2015-002	Ohio Rev. Code §505.375(C)(12)	Corrected	
2015-003	Posting Receipts and Disbursements	Partially Corrected	Reissued as Finding 2017-003

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# Dave Yost • Auditor of State

**BPM JOINT FIRE DISTRICT**

**FAYETTE 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  
SEPTEMBER 25, 2018**