

CENTRAL FIRE DISTRICT

WAYNE COUNTY

Regular Audit

For the Years Ended December 31, 2019 and 2018



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Central Fire District
232 N. Summit St
Smithville, Ohio 44677

We have reviewed the *Independent Auditor's Report* of the Central Fire District, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Central Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

November 4, 2020

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Central Fire District
Wayne County
Regular Audit
For the Years Ended December 31, 2019 and 2018

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Wayne County
Regular Audit
For the Years Ended December 31, 2019 and 2018

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Central Fire District
Wayne County
232 N. Summit St.
Smithville, Ohio 44677

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the Central Fire District, Wayne County, Ohio (the District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 such 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the Central Fire District, Wayne County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash basis financial position and the budgetary comparisons for the General, EMS, and Special Revenue-Grants funds thereof for the years then ended in accordance with the cash basis of accounting described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinions regarding this matter.

Emphasis of Matter

As discussed in Note 13 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2020, on our consideration of the District's internal control over financial reporting and on 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.



Charles E. Harris & Associates, Inc.
August 21, 2020

Central Fire District
Wayne County
Statement of Net Position - Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	\$ 846,329
Total assets	<u>846,329</u>
Net Position	
Restricted for:	
Other purposes	175,664
Unrestricted	<u>670,665</u>
Total net position	<u>\$ 846,329</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General government	\$ 66,004	-	-	-	\$ (66,004)
Public safety	634,477	\$ 120,915	\$ 132,055	\$ 5,812	(375,695)
Capital outlay	7,453	-	-	-	(7,453)
Debt service:					
Principal retirement	43,057	-	-	-	(43,057)
Interest and fiscal charges	7,688	-	-	-	(7,688)
Total governmental activities	<u>\$ 758,679</u>	<u>\$ 120,915</u>	<u>\$ 132,055</u>	<u>\$ 5,812</u>	<u>(499,897)</u>
General Receipts					
Property taxes levied for:					
General purposes					734,285
Grants and entitlements not restricted to specific programs					19,742
Earnings on investment					8,790
Miscellaneous					<u>4,332</u>
Total general receipts					<u>767,149</u>
Change in net position					267,252
Net position beginning of year					<u>579,077</u>
Net position end of year					<u>\$ 846,329</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019

	General	EMS Fund	Special Revenue - Grants	Capital Projects	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 499,571	\$ 175,664	\$ -	\$ 171,094	\$ 846,329
Total assets	499,571	175,664	-	171,094	846,329
Fund Balances					
Restricted	-	175,664	-	-	175,664
Assigned	74,938	-	-	171,094	246,032
Unassigned	424,633	-	-	-	424,633
Total fund balances	<u>\$ 499,571</u>	<u>\$ 175,664</u>	<u>\$ -</u>	<u>\$ 171,094</u>	<u>\$ 846,329</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

	General	EMS Fund	Special Revenue - Grants	Capital Projects	Total Governmental Funds
Receipts					
Property and other local taxes	\$ 734,285	-	-	-	\$ 734,285
Charges for services	-	\$ 120,915	-	-	120,915
Intergovernmental	22,239	-	\$ 137,867	-	160,106
Earnings on investments	7,189	-	-	\$ 1,601	8,790
Miscellaneous	1,835	-	-	-	1,835
Total receipts	765,548	120,915	137,867	1,601	1,025,931
Disbursements					
Current:					
General government	60,514	-	-	5,490	66,004
Public safety	522,648	101,842	9,966	21	634,477
Capital outlay	-	-	-	7,453	7,453
Debt service:					
Principal retirement	43,057	-	-	-	43,057
Interest and fiscal charges	7,688	-	-	-	7,688
Total disbursements	633,907	101,842	9,966	12,964	758,679
Excess of receipts over (under) disbursements	131,641	19,073	127,901	(11,363)	267,252
Other financing sources (uses)					
Transfers in	-	-	-	50,000	50,000
Transfers out	(50,000)	-	-	-	(50,000)
Advances in	132,051	-	4,150	-	136,201
Advances out	(4,150)	-	(132,051)	-	(136,201)
Total other financing sources (uses)	77,901	-	(127,901)	50,000	-
Net change in fund balance	209,542	19,073	-	38,637	267,252
Fund balances beginning of year	290,029	156,591	-	132,457	579,077
Fund balances end of year	\$ 499,571	\$ 175,664	\$ -	\$ 171,094	\$ 846,329

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and other local taxes	\$ 698,400	\$ 698,400	\$ 734,285	\$ 35,885
Intergovernmental	18,000	18,000	22,239	4,239
Earnings on investments	1,200	1,200	7,189	5,989
Miscellaneous	500	500	1,835	1,335
Total receipts	718,100	718,100	765,548	47,448
Disbursements				
Current:				
General government	74,585	74,585	60,568	14,017
Public safety	599,054	612,004	534,982	77,022
Debt service:				
Principal retirement	44,000	44,000	43,057	943
Interest and fiscal charges	8,000	8,000	7,688	312
Total disbursements	725,639	738,589	646,295	92,294
Excess of receipts over/(under) disbursements	(7,539)	(20,489)	119,253	139,742
Other financing sources (uses)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Advances in	-	-	132,051	132,051
Advances out	-	-	(4,150)	(4,150)
Total other financing sources (uses)	(50,000)	(50,000)	77,901	127,901
Net change in fund balance	(57,539)	(70,489)	197,154	267,643
Fund balance at beginning of year	279,085	279,085	279,085	-
Prior year encumbrances appropriated	10,944	10,944	10,944	-
Fund balance at end of year	<u>\$ 232,490</u>	<u>\$ 219,540</u>	<u>\$ 487,183</u>	<u>\$ 267,643</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
EMS Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for services	\$ 120,001	\$ 120,001	\$ 120,915	\$ 914
Total receipts	120,001	120,001	120,915	914
Disbursements				
Current:				
Public safety	131,807	131,807	105,592	26,215
Total disbursements	131,807	131,807	105,592	26,215
Net change in fund balance	(11,806)	(11,806)	15,323	27,129
Fund balance at beginning of year	154,685	154,685	154,685	-
Prior year encumbrances appropriated	1,906	1,906	1,906	-
Fund balance at end of year	<u>\$ 144,785</u>	<u>\$ 144,785</u>	<u>\$ 171,914</u>	<u>\$ 27,129</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Special Revenue - Grants
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 137,875	\$ 209,179	\$ 137,867	\$ (71,312)
Total receipts	137,875	209,179	137,867	(71,312)
Disbursements				
Current:				
Public safety	6,299	77,603	9,966	67,637
Total disbursements	6,299	77,603	9,966	67,637
Excess of receipts over/(under) disbursements	131,576	131,576	127,901	(3,675)
Other financing sources (uses)				
Advances in	-	-	4,150	4,150
Advances out	-	-	(132,051)	(132,051)
Total other financing sources (uses)	-	-	(127,901)	(127,901)
Net change in fund balance	131,576	131,576	-	(131,576)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 131,576</u>	<u>\$ 131,576</u>	<u>\$ -</u>	<u>\$ (131,576)</u>

See accompanying notes to the financial statements.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Note 1 – Reporting Entity

Central Fire District, Wayne County, Ohio (the District), is a body politic and corporate established in 2001 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 three-member Board of Trustees consisting of an appointee from each of the three participating entities: Greene Township, Wayne Township, and the Village of Smithville. The District also has an appointed Fiscal Officer.

The reporting entity is comprised of the primary government to ensure the financial statements of the District is not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides fire and EMS services within the District and also contracts with other organizations (the Cities of Wooster and Orrville, and Wooster Township) to provide those services to outlying areas in order to best serve our residents. In addition, the District provides fire inspections, fire prevention classes, fire code enforcement, emergency response planning, fire and EMS training for its staff and volunteers, mutual and automatic aid to all county fire departments, participates in the Ohio Emergency Response Plan, and works in cooperation with other agencies to mitigate emergencies.

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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions and charges for services.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements (continued)

The statement of net position presents the cash balances of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Accounting

The District uses fund accounting 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 District funds are all classified as governmental.

Governmental Funds Governmental funds are those thorough which most governmental functions of the District are financed. The following are the District's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Fund-EMS The EMS fund accounts for and reports charges received for services and set aside for EMS operational expenses, equipment, and capital EMS projects.

Special Revenue Fund-Grants The Special Revenue Fund for Grants accounts for and reports for grant receipts and expenditures whose use is restricted, committed or assigned to a particular purpose.

Capital Projects Fund The Capital Projects Fund accounts for and reports capital projects.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations resolution is the District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2019 the District maintained a general interest-bearing checking account, a savings account, a money market deposit account, a non-negotiable certificate of deposit, and STAR Ohio. The District's money market deposit account is recorded at the amount reported by Farmers' National Bank on December 31, 2019, and the non-negotiable certificate of deposit is reported at cost.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments (continued)

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours’ advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit.

Interest earnings are allocated to District funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 was \$7,189 and interest receipts credited to the Capital Projects Fund was \$1,601.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District had no restricted assets in 2019.

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund transfers/advances

The District reports advances-in and advances-out for interfund loans, and specifically for reimbursing grants. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District’s cash basis of accounting, but is limited by restrictions imposed at the local level of control.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other post-employment benefits (OPEB).

Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for EMS and grant resources. The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Board of Trustees. Those committed amounts cannot be used for any other purpose unless the District Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by District Trustees, separate from the authorizations to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained 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.

Internal Activity

Transfers between governmental funds on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Internal Activity (continued)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the EMS Fund, and the Special Revenue Fund—Grants is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Special Revenue EMS Fund	Special Revenue - Grants Fund
Cash Basis	\$ 209,542	\$ 19,073	\$ -
Encumbrances	(12,388)	(3,750)	-
Budget Basis	\$ 197,154	\$ 15,323	\$ -

Note 4 – Deposits and Investments

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Note 4 – Deposits and Investments (continued)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions' participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Note 4 – Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At year end, the carrying amount of the District’s deposits was \$456,486 and the bank balance was \$459,415. Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2019, \$114,209 of the District’s total bank balance was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The District’s financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the District and deposited either with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or at a rate set by the Treasurer of State.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2019, the District had the following investment and maturity:

	<u>Measurement Value</u>	<u>Maturity</u>	<u>Rating</u>
STAR Ohio	\$ 389,843	55.7 days	AAAm
Total Portfolio	\$ 389,843		

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments (continued)

Investments (continued)

Investment Type	Measurement Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
STAR Ohio	\$ 389,843	\$ 389,843	\$ -	\$ -	\$ -
Total Investments	\$ 389,843	\$ 389,843	\$ -	\$ -	\$ -

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio an AAAM rating. The District's investment policy allows certain investments, however does not specify credit ratings.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, and public utility property located in the District. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all District operations for the year ended December 31, 2018, was \$3.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$201,547,490
Public Utility Personal Property	<u>11,747,230</u>
Total	<u><u>\$213,294,720</u></u>

The Wayne County Treasurer collects property taxes on behalf of all taxing districts in the county, including the District. The Wayne County Auditor periodically remits to the District its portion of the taxes collected.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 – Interfund Transfers and Advances

During 2019, the following transfers were made:

\$50,000 from the General Fund to the Capital Projects Fund.

The transfer was used to move receipts from the fund that the statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During 2019 the following advances were made:

\$4,150 from the General Fund to the Special Revenue Fund—Grants

\$132,051 from the Special Revenue Fund—Grants to the General Fund

These advances were to provide for expenditure of reimbursing grants and for the repayment of advances following receipt of grant reimbursement. The balance of \$3,675 is expected to be repaid within one year.

Note 7 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the District contracted with VFIS for various types of insurance coverage as follows:

Type of Coverage	Coverage	Deductible
VFIS Property and Casualty		
Blanket Property/Contents, Replacement	\$1,397,829	\$1,000
Portable Equipment	GRC	\$500
General Liability	\$3,000,000	
Automobile Liability	\$1,000,000	\$1,000
Public Officials Liability	\$3,000,000	
Personal Property	\$70,001	\$1,000
Management Liability	\$3,000,000	
Cyber Liability	\$1,000,000	
Cyber Extortion—per incident	\$20,000	
Privacy Crisis Mgmt	\$50,000	
Public Employee Dishonesty	\$5,000	
Money and Securities	\$30,000	\$1,000
Crisis Incident Response Coverage	\$25,000	\$1,000
Umbrella Excess Liability	\$2,000,000	

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Note 7 – Risk Management (continued)

The District provides major medical, prescription, life, accidental death and dismemberment, dental and vision coverage to its full-time employees, with a 20% cost share to the employee, through participation in a county employee group plan. The District also provides accident and sickness insurance policies to its full-time, part-time, and volunteer employees through a private carrier.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – District employees, other than firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans (continued)

Ohio Public Employees Retirement System (continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans (continued)

Ohio Public Employees Retirement System (continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2019 Statuary Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2019 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans (continued)

Ohio Public Employees Retirement System (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$2,262 for year 2019.

Ohio Police and Fire Pension Fund

Plan Description – District full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F's CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Pension Fund (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The District’s contractually required contribution to OP&F was \$62,956 for 2019.

Social Security

All employees not covered by OP&F or OPERS contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Both employee and employers contributed 6.2% of their gross wages to Social Security for 2019. The District has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 9 – Postemployment Benefits (continued)

Ohio Public Employees Retirement System (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$94 for the year 2019.

Ohio Police and Fire Pension Fund

Plan Description – The District contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Note 9 – Postemployment Benefits (continued)

Ohio Police and Fire Pension Fund (continued)

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits. One for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The District's contractually required contribution to OP&F was \$316 for 2019.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farmers' National Bank Loan	\$114,409	4.75%

The District renovated and added a bay onto Station 1 during 2012. As security for the loan, the District assigned liens to First National Bank on two of its vehicles, Ladder 98 and Engine 97, for a period of ten years.

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

<u>Year Ending December 31</u>	<u>Note</u>
2020	\$50,745
2021	\$50,745
2022	\$21,178

Note 11 – Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, they believe the resolution of these matters will not materially adversely affect the District's financial condition.

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require defunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Note 12 – Fund Balances

Fund balance is classified as restricted, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	EMS Fund	Capital Projects	Total
Restricted for				
EMS Programs	\$ -	\$ 175,664	\$ -	\$ 175,664
<i>Total Restricted</i>	-	175,664	-	175,664
Assigned to				
Encumbrances	12,388	-	-	12,388
Fire and EMS Capital Projects	-	-	171,094	171,094
Subsequent Year Appropriations	62,550	-	-	62,550
<i>Total Assigned</i>	74,938	-	171,094	246,032
Unassigned	424,633	-	-	424,633
<i>Total Fund Balances</i>	<u>\$ 499,571</u>	<u>\$ 175,664</u>	<u>\$ 171,094</u>	<u>\$ 846,329</u>

Note 13 – Subsequent Events

Central Fire District was awarded a 2018 Assistance to Firefighters Grant for the purpose of installation of a diesel exhaust extraction system in the Station 1 bays. The District is currently obtaining quotes for this project, which will be completed during 2020.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District’s investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Central Fire District
Wayne County
Statement of Net Position - Cash Basis
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	\$ 579,077
Total assets	<u>579,077</u>
Net Position	
Restricted for:	
Other purposes	156,591
Unrestricted	<u>422,486</u>
Total net position	<u>\$ 579,077</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General government	\$ 91,837	-	-	-	\$ (91,837)
Public safety	748,868	\$ 126,099	\$ 8,169	\$ 27,807	(586,793)
Capital outlay	211,412	-	-	-	(211,412)
Debt service:					
Principal retirement	40,718	-	-	-	(40,718)
Interest and fiscal charges	10,027	-	-	-	(10,027)
Total governmental activities	\$ 1,102,862	\$ 126,099	\$ 8,169	\$ 27,807	(940,787)
		General Receipts			
		Property taxes levied for:			
				General purposes	726,907
				Grants and entitlements not restricted to specific programs	20,273
				Sale of capital assets	15,500
				Earnings on investment	4,612
				Miscellaneous	7,459
				Total general receipts	774,751
				Change in net position	(166,036)
				Net position beginning of year	745,113
				Net position end of year	\$ 579,077

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2018

	General	EMS Fund	Special Revenue Grants	Capital Projects	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 290,029	\$ 156,591	\$ -	\$ 132,457	\$ 579,077
Total assets	290,029	156,591	-	132,457	579,077
Fund Balances					
Restricted	-	156,591	-	-	156,591
Assigned	81,433	-	-	132,457	213,890
Unassigned	208,596	-	-	-	208,596
Total fund balances	<u>\$ 290,029</u>	<u>\$ 156,591</u>	<u>\$ -</u>	<u>\$ 132,457</u>	<u>\$ 579,077</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

	General	EMS Fund	Special Revenue Grants	Capital Projects	Total Governmental Funds
Receipts					
Property and other local taxes	\$ 726,907	-	-	-	\$ 726,907
Charges for services	-	\$ 126,099	-	-	126,099
Intergovernmental	24,464	-	\$ 35,894	-	60,358
Earnings on investments	3,729	-	-	\$ 883	4,612
Miscellaneous	3,350	-	-	-	3,350
Total receipts	758,450	126,099	35,894	883	921,326
Disbursements					
Current:					
General government	70,951	-	-	20,886	91,837
Public safety	497,835	76,253	168,273	6,507	748,868
Capital outlay	-	179,911	-	31,501	211,412
Debt service:					
Principal retirement	40,718	-	-	-	40,718
Interest and fiscal charges	10,027	-	-	-	10,027
Total disbursements	619,531	256,164	168,273	58,894	1,102,862
Excess of receipts over (under) disbursements	138,919	(130,065)	(132,379)	(58,011)	(181,536)
Other financing sources (uses)					
Sale of capital assets	-	15,500	-	-	15,500
Transfers in	-	-	-	70,000	70,000
Transfers out	(70,000)	-	-	-	(70,000)
Advances in	28,325	-	157,142	-	185,467
Advances out	(157,142)	-	(28,325)	-	(185,467)
Total other financing sources (uses)	(198,817)	15,500	128,817	70,000	15,500
Net change in fund balance	(59,898)	(114,565)	(3,562)	11,989	(166,036)
Fund balances beginning of year	349,927	271,156	3,562	120,468	745,113
Fund balances end of year	<u>\$ 290,029</u>	<u>\$ 156,591</u>	<u>\$ -</u>	<u>\$ 132,457</u>	<u>\$ 579,077</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and other local taxes	\$ 680,000	\$ 680,000	\$ 726,907	\$ 46,907
Intergovernmental	18,000	18,000	24,464	6,464
Earnings on investments	1,200	1,200	3,729	2,529
Miscellaneous	500	500	3,350	2,850
Total receipts	699,700	699,700	758,450	58,750
Disbursements				
Current:				
General government	77,138	78,838	70,986	7,852
Public safety	599,325	597,625	508,744	88,881
Debt service:				
Principal retirement	41,000	41,000	40,718	282
Interest and fiscal charges	11,000	11,000	10,027	973
Total disbursements	728,463	728,463	630,475	97,988
Excess of receipts over/(under) disbursements	(28,763)	(28,763)	127,975	156,738
Other financing sources (uses)				
Transfers out	(70,000)	(70,000)	(70,000)	-
Advances in	-	-	28,325	28,325
Advances out	-	-	(157,142)	(157,142)
Total other financing sources (uses)	(70,000)	(70,000)	(198,817)	(128,817)
Net change in fund balance	(98,763)	(98,763)	(70,842)	27,921
Fund balance at beginning of year	333,615	333,615	333,615	-
Prior year encumbrances appropriated	16,312	16,312	16,312	-
Fund balance at end of year	<u>\$ 251,164</u>	<u>\$ 251,164</u>	<u>\$ 279,085</u>	<u>\$ 27,921</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
EMS Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for services	\$ 100,000	\$ 100,000	\$ 126,099	\$ 26,099
Total receipts	100,000	100,000	126,099	26,099
Disbursements				
Current:				
Public safety	82,538	86,038	78,159	7,879
Capital outlay	177,226	179,911	179,911	-
Total disbursements	259,764	265,949	258,070	7,879
Excess of receipts over/(under) disbursements	(159,764)	(165,949)	(131,971)	33,978
Other financing sources (uses)				
Sale of capital assets	-	-	15,500	15,500
Total other financing sources (uses)	-	-	15,500	15,500
Net change in fund balance	(159,764)	(165,949)	(116,471)	49,478
Fund balance at beginning of year	92,092	92,092	92,092	-
Prior year encumbrances appropriated	179,064	179,064	179,064	-
Fund balance at end of year	<u>\$ 111,392</u>	<u>\$ 105,207</u>	<u>\$ 154,685</u>	<u>\$ 49,478</u>

See accompanying notes to the financial statements.

Central Fire District
Wayne County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Special Revenue-Grants
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 24,328	\$ 173,873	\$ 35,894	\$ (137,979)
Total receipts	24,328	173,873	35,894	(137,979)
Disbursements				
Current:				
Public safety	25,049	174,594	168,273	6,321
Total disbursements	25,049	174,594	168,273	6,321
Excess of receipts over/(under) disbursements	(721)	(721)	(132,379)	(131,658)
Other financing sources (uses)				
Advances in	-	-	157,142	157,142
Advances out	-	-	(28,325)	(28,325)
Total other financing sources (uses)	-	-	128,817	128,817
Net change in fund balance	(721)	(721)	(3,562)	(2,841)
Fund balance at beginning of year	(1,309)	(1,309)	(1,309)	-
Prior year encumbrances appropriated	4,871	4,871	4,871	-
Fund balance at end of year	<u>\$ 2,841</u>	<u>\$ 2,841</u>	<u>\$ -</u>	<u>\$ (2,841)</u>

See accompanying notes to the financial statements.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 1 – Reporting Entity

Central Fire District, Wayne County, Ohio (the District), is a body politic and corporate established in 2001 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 three-member Board of Trustees consisting of an appointee from each of the three participating entities: Greene Township, Wayne Township, and the Village of Smithville. The District also has an appointed Fiscal Officer.

The reporting entity is comprised of the primary government to ensure the financial statements of the District is not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides fire and EMS services within the District and also contracts with other organizations (the Cities of Wooster and Orrville, and Wooster Township) to provide those services to outlying areas in order to best serve our residents. In addition, the District provides fire inspections, fire prevention classes, fire code enforcement, emergency response planning, fire and EMS training for its staff and volunteers, mutual and automatic aid to all county fire departments, participates in the Ohio Emergency Response Plan, and works in cooperation with other agencies to mitigate emergencies.

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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District’s accounting policies.

Basis of Presentation

The District’s basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions and charges for services.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements (continued)

The statement of net position presents the cash balances of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Accounting

The District uses fund accounting 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 District funds are all classified as governmental.

Governmental Funds Governmental funds are those thorough which most governmental functions of the District are financed. The following are the District's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Fund-EMS The EMS fund accounts for and reports charges received for services and set aside for EMS operational expenses, equipment, and capital EMS projects.

Special Revenue Fund-Grants The Special Revenue Fund for Grants accounts for and reports for grant receipts and expenditures whose use is restricted, committed or assigned to a particular purpose.

Capital Projects Fund The Capital Projects Fund accounts for and reports capital projects.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations resolution is the District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2018 the District maintained a general interest-bearing checking account, a savings accounts, a money market investment account, and STAR Ohio. The District's money market investment account is recorded at the amount reported by Farmers' National Bank on December 31, 2018.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments (continued)

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours' advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit.

Interest earnings are allocated to District funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2018 was \$3,729 and interest receipts credited to the Capital Projects Fund was \$883.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District had no restricted assets in 2018.

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund transfers/advances

The District reports advances-in and advances-out for interfund loans, and specifically for reimbursing grants. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting, but is limited by restrictions imposed at the local level of control.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other post-employment benefits (OPEB).

Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for EMS and grant resources. The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Board of Trustees. Those committed amounts cannot be used for any other purpose unless the District Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by District Trustees, separate from the authorizations to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained 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.

Internal Activity

Transfers between governmental funds on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Internal Activity (continued)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the EMS Fund, and the Special Revenue Fund—Grants is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Special Revenue EMS Fund	Special Revenue Grants
Cash Basis	(\$59,898)	(\$114,565)	(\$3,562)
Encumbrances	(10,944)	(1,906)	0
Budget Basis	(\$70,842)	(\$116,471)	(\$3,562)

Note 4 – Deposits and Investments

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 4 – Deposits and Investments (continued)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions' participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 4 – Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At year end, the carrying amount of the District’s deposits was \$247,723 and the bank balance was \$391,477. Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2018, \$49,233 of the District’s total bank balance was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The District’s financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the District and deposited either with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or at a rate set by the Treasurer of State.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2018, the District had the following investment and maturity:

	<u>Measurement Value</u>	<u>Maturity</u>	<u>Rating</u>
STAR Ohio	\$ 331,354	44.9 days	AAAm
Total Portfolio	\$ 331,354		

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (continued)

Investments (continued)

Investment Type	Measurement Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
STAR Ohio	\$ 331,354	\$ 331,354	\$ -	\$ -	\$ -
Total Investments	\$ 331,354	\$ 331,354	\$ -	\$ -	\$ -

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio an AAAM rating. The District's investment policy allows certain investments, however does not specify credit ratings.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, and public utility property located in the District. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all District operations for the year ended December 31, 2017, was \$3.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$199,038,870
Public Utility Personal Property	<u>11,615,790</u>
Total	<u><u>\$210,654,660</u></u>

The Wayne County Treasurer collects property taxes on behalf of all taxing districts in the county, including the District. The Wayne County Auditor periodically remits to the District its portion of the taxes collected.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 6 – Interfund Transfers and Advances

During 2018, the following transfers were made:

\$70,000 from the General Fund to the Capital Projects Fund.

The transfer was used to move receipts from the fund that the statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During 2018 the following advances were made:

\$157,142 from the General Fund to the Special Revenue Fund—Grants

\$ 28,325 from the Special Revenue Fund—Grants to the General Fund

These advances were to provide for expenditure of reimbursing grants and for the repayment of advances following receipt of grant reimbursement. The balance of \$128,817 is expected to be repaid within one year.

Note 7 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the District contracted with VFIS for various types of insurance coverage as follows:

Type of Coverage	Coverage	Deductible
VFIS Property and Casualty		
Blanket Property/Contents, Replacement	\$1,411,374	\$1,000
Portable Equipment	GRC	\$500
General Liability	\$3,000,000	
Automobile Liability	\$1,000,000	\$1,000
Public Officials Liability	\$3,000,000	
Personal Property	\$67,308	\$1,000
Management Liability	\$3,000,000	
Cyber Liability	\$1,000,000	
Privacy Crisis Mgmt	\$50,000	
Public Employee Dishonesty	\$5,000	
Money and Securities	\$30,000	\$1,000
Crisis Incident Response Coverage	\$25,000	\$1,000
Umbrella Excess Liability	\$2,000,000	

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 7 – Risk Management (continued)

The District provides major medical, prescription, life, accidental death and dismemberment, dental and vision coverage to its full-time employees, with a 20% cost share to the employee, through participation in a county employee group plan. The District also provides accident and sickness insurance policies to its full-time, part-time, and volunteer employees through a private carrier.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – District employees, other than firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plans (continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 8 – Defined Benefit Pension Plans (continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
 2018 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$2,591 for year 2018.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Pension Fund

Plan Description – District full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F's CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plans (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The District’s contractually required contribution to OPF was \$50,958 for 2018.

Social Security

All employees not covered by OP&F or OPERS contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Both employee and employers contributed 6.2% of their gross wages to Social Security for 2018. The District has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 9 – Postemployment Benefits (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$108 for the year 2018.

Ohio Police and Fire Pension Fund

Plan Description – The District contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

**Central Fire District
Wayne County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 9 – Postemployment Benefits (continued)

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits. One for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The District's contractually required contribution to OP&F was \$256 for 2018.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
First National Bank Loan	\$157,466	4.75%

The District renovated and added a bay onto Station 1 during 2012. As security for the loan, the District assigned liens to First National Bank on two of its vehicles, Ladder 98 and Engine 97, for a period of ten years.

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

<u>Year Ending December 31</u>	<u>Note</u>
2019	\$50,745
2020	\$50,745
2021	\$50,745
2022	\$21,179

Note 11 – Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, they believe the resolution of these matters will not materially adversely affect the District's financial condition.

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require defunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Central Fire District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 12 – Fund Balances

Fund balance is classified as restricted, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	EMS Fund	Capital Projects	Total
Restricted for				
EMS Programs	\$ -	\$ 156,591	\$ -	\$ 156,591
<i>Total Restricted</i>	-	156,591	-	156,591
Assigned to				
Encumbrances	10,944	-	-	10,944
Fire and EMS Capital Projects	-	-	132,457	132,457
Subsequent Year Appropriations	70,489	-	-	70,489
<i>Total Assigned</i>	81,433	-	132,457	213,890
Unassigned	208,596	-	-	208,596
<i>Total Fund Balances</i>	<u>\$ 290,029</u>	<u>\$ 156,591</u>	<u>\$ 132,457</u>	<u>\$ 579,077</u>

Note 13 – Subsequent Events

Central Fire District expended a reimbursing 2017 Assistance to Firefighters Grant, designated for Operations and Safety Equipment, at the end of 2018. Also, at the end of 2018 and into the beginning of 2019, the Federal Government has experienced a “shutdown”. The Federal Grants division of FEMA is shut down and the District has been unable to request reimbursement of its grant. The District anticipates reimbursement of the expenditure and repayment of the advance to the General Fund sometime following the Federal Government’s return to work.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Central Fire District
Wayne County
232 N. Summit Street
P.O. Box 388
Smithville, Ohio 44677

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 cash basis financial statements of the governmental activities and each major fund of the Central Fire District, Wayne County (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 21, 2020, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 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 Finding

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
August 21, 2020

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2019 and 2018**

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number: 2019-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2019 and 2018, errors were noted in the District’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2019, the Capital Projects fund did not properly classify fund balances in accordance with Governmental Accounting Standards Board (GASB) Statement 54.
- Refunds were classified as Intergovernmental instead of Miscellaneous receipts.
- In 2018, the General Fund Assigned fund balance was understated by \$20,037.
- Restricted Net Position was overstated by \$132,539 in 2018 and \$171,094 in 2019.
- Changes were made to various footnotes to comply with cash basis requirements.

Other various immaterial posting errors were noted and communicated to management as well. The accompanying financial statements and the District’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the District and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the District adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board (GASB) Statement No. 54, Auditor of State Bulletin 2011-004, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management’s Response: See Corrective Action Plan on page 60.

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**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

CORRECTIVE ACTION PLAN
(Prepared by Management)
December 31, 2019 and 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Miscellaneous transactions will be posted correctly in the system. Understand from auditor explanation that Fund Balance Classification on any fund other than General Fund is based on purpose for Fund. Specifically: Capital Projects Fund purpose is to fund capital projects and not for a specific capital project within the fund, therefore the fund balance should be classified as "Assigned" with no higher classification. Further discussion with auditor on payroll tax--employers' share--should not be classified as assigned based on the District's cash basis of accounting. Making appropriate notes for future year-end procedures.	Immediately	Nancy Kauffman, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



CENTRAL FIRE DISTRICT

WAYNE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/17/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov