



Dave Yost • Auditor of State



**WESTERN RESERVE JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Western Reserve Joint Fire District  
Mahoning County  
111 South Main Street  
Poland, Ohio 44514

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Western Reserve Joint Fire District, Mahoning County, (the District) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Western Reserve Joint Fire District, Mahoning County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 15, 2017

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

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

|   | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Property and Other Local Taxes                        | \$542,697        |                    | \$301,273           | \$843,970                      |
| Earnings on Investments                               | 763              |                    |                     | 763                            |
| Intergovernmental                                     | 257,505          | \$47,631           | 105,497             | 410,633                        |
| Miscellaneous   | 29,970           |                    |                     | 29,970                         |
| <i>Total Cash Receipts</i>                            | <u>830,935</u>   | <u>47,631</u>      | <u>406,770</u>      | <u>1,285,336</u>               |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:  |                  |                    |                     |                                |
| General Public  | 183,942          |                    |                     | 183,942                        |
| Public Safety   | 273,913          |                    |                     | 273,913                        |
| Other   | 116,761          | 35,242             |                     | 152,003                        |
| Capital Outlay  | 167,238          |                    | 12,700              | 179,938                        |
| Debt Service:   |                  |                    |                     |                                |
| Principal Retirement                                  |                  |                    | 309,290             | 309,290                        |
| Interest and Fiscal Charges                           |                  |                    | 15,710              | 15,710                         |
| <i>Total Cash Disbursements</i>                       | <u>741,854</u>   | <u>35,242</u>      | <u>337,700</u>      | <u>1,114,796</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>89,081</u>    | <u>12,389</u>      | <u>69,070</u>       | <u>170,540</u>                 |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Advances In   | 70,000           |                    |                     | 70,000                         |
| Advances Out  |                  | (70,000)           |                     | (70,000)                       |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>70,000</u>    | <u>(70,000)</u>    | <u>0</u>            | <u>0</u>                       |
| <i>Net Change in Fund Cash Balances</i>               | 159,081          | (57,611)           | 69,070              | 170,540                        |
| <i>Fund Cash Balances, January 1</i>                  | <u>216,876</u>   | <u>57,611</u>      | <u>327,725</u>      | <u>602,212</u>                 |
| <b>Fund Cash Balances, December 31</b>                |                  |                    |                     |                                |
| Restricted  |                  | 0                  | 396,795             | 396,795                        |
| Assigned  | 333,629          |                    |                     | 333,629                        |
| Unassigned (Deficit)                                  | 42,328           |                    |                     | 42,328                         |
| <i>Fund Cash Balances, December 31</i>                | <u>\$375,957</u> | <u>\$0</u>         | <u>\$396,795</u>    | <u>\$772,752</u>               |

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

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**Western Reserve Joint Fire District**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Western Reserve Joint Fire District, Mahoning County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints two members and one citizen. Those subdivisions are Poland Township and Poland Village. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. 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 Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

***FEMA Safer Fund*** This fund received money from FEMA to be used for the Staffing and Adequate Fire and Emergency Response (SAFER) grant. These monies are to be used for education and training of new recruits to increase the number of firefighters and EMS personnel available in their communities.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

***Capital Levy Funds*** – This fund accounts for and reports receipts from a Capital Improvement Levy restricted for capital outlay projects or to make payments on loan advances for capital projects.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Western Reserve Joint Fire District**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department and object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

**Western Reserve Joint Fire District**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

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.

**Note 3 – Budgetary Activity**

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

| 2016 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$662,480            | \$830,935          | \$168,455 |
| Special Revenue                   | 200,000              | 47,631             | (152,369) |
| Capital Projects                  | 355,593              | 406,770            | 51,177    |
| Total                             | \$1,218,073          | \$1,285,336        | \$67,263  |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$850,000                  | \$741,854                 | \$108,146 |
| Special Revenue                                       | 234,010                    | 35,242                    | 198,768   |
| Capital Projects                                      | 680,000                    | 337,700                   | 342,300   |
| Total   | \$1,764,010                | \$1,114,796               | \$649,214 |

**Note 4 – Deposits and Investments**

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

|                                |                  |
|--------------------------------|------------------|
| Demand deposits                | 2016<br>\$21,709 |
| Total deposits                 | 21,709           |
| Repurchase agreement           | 751,043          |
| Total investments              | 751,043          |
| Total deposits and investments | \$772,752        |

**Western Reserve Joint Fire District**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Note 5 – Property Taxes**

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

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

**Note 6 - Risk Management**

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Social Security***

Fire and medical District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

**Western Reserve Joint Fire District**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2016 was as follows:

|                                 | Principal | Interest Rate |
|---------------------------------|-----------|---------------|
| Equipment and Construction Loan | \$265,712 | 2.68%         |
| Total                           | \$265,712 |               |

The District borrowed \$1,474,761 on a \$1,500,000, 2.68% sixty (60) month unsecured commercial loan from Farmers National Bank to purchase fire equipment and make building improvements.

The loan is to be paid back in five annual installments of principal and interest in the amount of \$325,000 on the 4<sup>th</sup> of May starting in 2013 and on the same day each year after. A final payment of the entire unpaid principal and interest will be due May 4, 2017.

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

|                          |              |
|--------------------------|--------------|
| Year ending December 31: | Farmers Bank |
| 2017                     | 265,712      |
| Total                    | \$265,712    |

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**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                    |                  |                    |                     |                                |
| Property and Other Local Taxes          | \$536,429        |                    | \$298,183           | \$834,612                      |
| Earnings on Investments                 | 292              |                    |                     | 292                            |
| Donations                               | 2,135            |                    |                     | 2,135                          |
| Intergovernmental                       | 8,700            | \$103,453          |                     | 112,153                        |
| Miscellaneous                           | 40,887           |                    |                     | 40,887                         |
| <i>Total Cash Receipts</i>              | <u>588,443</u>   | <u>103,453</u>     | <u>298,183</u>      | <u>990,079</u>                 |
| <b>Cash Disbursements</b>               |                  |                    |                     |                                |
| Current:                                |                  |                    |                     |                                |
| General Public                          | 177,106          |                    |                     | 177,106                        |
| Public Safety                           | 240,055          |                    |                     | 240,055                        |
| Other                                   | 109,060          | 78,441             |                     | 187,501                        |
| Capital Outlay                          | 151,721          |                    |                     | 151,721                        |
| Debt Service:                           |                  |                    |                     |                                |
| Principal Retirement                    |                  |                    | 302,719             | 302,719                        |
| Interest and Fiscal Charges             |                  |                    | 22,281              | 22,281                         |
| <i>Total Cash Disbursements</i>         | <u>677,942</u>   | <u>78,441</u>      | <u>325,000</u>      | <u>1,081,383</u>               |
| <i>Net Change in Fund Cash Balances</i> | (89,499)         | 25,012             | (26,817)            | (91,304)                       |
| <i>Fund Cash Balances, January 1</i>    | <u>306,375</u>   | <u>32,599</u>      | <u>354,542</u>      | <u>693,516</u>                 |
| <b>Fund Cash Balances, December 31</b>  |                  |                    |                     |                                |
| Restricted                              |                  | 57,611             | 327,725             | 385,336                        |
| Unassigned (Deficit)                    | 216,876          |                    |                     | 216,876                        |
| <i>Fund Cash Balances, December 31</i>  | <u>\$216,876</u> | <u>\$57,611</u>    | <u>\$327,725</u>    | <u>\$602,212</u>               |

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

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**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Western Reserve Joint Fire District, Mahoning County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the district. Each political subdivision within the District appoints two members with the fifth member being appointed by each on alternating years. Those subdivisions are Poland Township and Poland Village. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The District's accounting basis is maintained in checking accounts and repurchase agreements.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Funds**

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

FEMA Safer Fund - This fund received money from a federal grant to be used for education and training of new recruits to increase the number of firefighters and EMS personnel available in their communities.

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

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

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

Capital Levy Funds – This fund accounts for and reports receipts from a Capital Improvement Levy restricted for capital outlay projects or to make payments on loan advances for those capital projects.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health care benefits.

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

|                                |           |
|--------------------------------|-----------|
|                                | 2015      |
| Petty Cash on Hand             | \$250     |
| Demand Deposit                 | 14,859    |
| Total deposits                 | 15,109    |
| <br>                           |           |
| Repurchase Agreements          | 587,103   |
| Total investments              | 587,103   |
| Total deposits and investments | \$602,212 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The District's financial institution transfers securities to the District's agent to collateralize repurchase agreements. The securities are not in the District's name. However, the District is provided Required Notice of Security Ownership on Daily Repurchase Account statements from their Bank confirming the repurchase agreement and stating the District's collateralized position.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 follows:

| 2015 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$661,558            | \$588,443          | (\$73,115)  |
| Special Revenue                   | 250,000              | 103,453            | (146,547)   |
| Capital Projects                  | 354,168              | 298,183            | (55,985)    |
| Total                             | \$1,265,726          | \$990,079          | (\$275,647) |

| 2015 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$930,000                  | \$667,942                 | \$262,058 |
| Special Revenue                                       | 280,000                    | 78,441                    | 201,559   |
| Capital Projects                                      | 700,000                    | 325,000                   | 375,000   |
| Total   | \$1,910,000                | \$1,071,383               | \$838,617 |

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

|                               | Principal | Interest Rate |
|-------------------------------|-----------|---------------|
| Equipment & Construction Loan | \$575,002 | 2.68%         |
| Total                         | \$575,002 |               |

During fiscal year 2012 the District borrowed \$1,474,761 on a \$1,500,000, 2.68% sixty (60) month unsecured commercial loan from Farmers National Bank to purchase fire equipment and make building improvements.

Payback terms require the loan to be paid back in five annual installments of principal and interest in the amount of \$325,000 on the 9<sup>th</sup> of May starting in 2013 and on the same day each year after. A final payment of the entire unpaid principal and interest will be due May 9, 2017.

The note is unsecured.

Amortization of the above debt is scheduled as follows:

|                          | Equipment &<br>Construction<br>Loan |
|--------------------------|-------------------------------------|
| Year ending December 31: |                                     |
| 2016                     | \$309,290                           |
| 2017                     | 265,712                             |
| Total                    | \$575,002                           |

**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**6. RETIREMENT SYSTEMS**

Ohio Public Employee Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2015 OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

Social Security System

Any employees not otherwise covered by the Ohio Public Employees Retirement System are required to contribute to Social Security and Medicare. The District liability is 7.65% of wages paid.

**7. INTERFUND BALANCES - Advances**

Outstanding advances at December 31, 2015 consisted of \$70,000 advanced to the Safer Education Fund from the General Fund and was used in anticipation of funds being reimbursed to the District from FEMA. The grant required expenditures be made and documentation be submitted to FEMA in order to receive said reimbursement. The grant has ended and been closed out by FEMA making the advanced funds no longer necessary for the operation of the grant.

**8. RISK MANAGEMENT**

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions



# Dave Yost • Auditor of State

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

Western Reserve Joint Fire District  
Mahoning County  
111 South Main Street  
Poland, Ohio 44514

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Western Reserve Joint Fire District, Mahoning County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated November 15, 2017 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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*.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 15, 2017



**WESTERN RESERVE JOINT FIRE DISTRICT  
MAHONING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

| <b>Finding Number</b>  | <b>Finding Summary</b>   | <b>Status</b>       | <b>Additional Information</b>                             |
|------------------------|--|---------------------|---|
| 2014-001 &<br>2013-001 | <b>Incorrect posting of receipts and transactions during both prior years.</b> | Partially Corrected | See management letter for comment on financial reporting. |

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# Dave Yost • Auditor of State

**WESTERN RESERVE JOINT FIRE DISTRICT**

**MAHONING COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 14, 2017**