

Little Miami Joint Fire and Rescue District  
Hamilton County  
Regular Audit  
For the Years Ended December 31, 2017 and 2016



Millhuff-Stang, CPA, Inc.  
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548  
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978  
Fax: 888.876.8549

[natalie@millhuffstangcpa.com](mailto:natalie@millhuffstangcpa.com) / [roush@millhuffstangcpa.com](mailto:roush@millhuffstangcpa.com)  
[www.milhuffstangcpa.com](http://www.milhuffstangcpa.com)





# Dave Yost • Auditor of State

Board Members  
Little Miami Joint Fire Rescue District  
5800 Wooster Pike  
Cincinnati, Ohio 45227

We have reviewed the *Independent Auditor's Report* of the Little Miami Joint Fire Rescue District, Hamilton County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

November 16, 2018

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**Little Miami Joint Fire and Rescue District**  
**Hamilton County**  
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*For the Years Ended December 31, 2017 and 2016*

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**Independent Auditor's Report**

Little Miami Joint Fire and Rescue District  
Hamilton County  
5800 Wooster Pike  
Cincinnati, Ohio 45227

***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 the Little Miami Joint Fire and Rescue District, Hamilton County, (the District) as of and for the years ended December 31, 2017 and 2016.

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

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

***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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.

***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, 2017 and 2016, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Little Miami Joint Fire and Rescue District, Hamilton County, as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on the effectiveness of the District's 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.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

October 26, 2018



**Little Miami Joint Fire and Rescue District**  
**Hamilton County**  
*Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balance*  
*Governmental Fund Type*  
*For the Year Ended December 31, 2017*

	General	Special Revenue	Debt Service	Total
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$1,053,640	\$257,987	\$216,042	\$1,527,669
Charges for Services	0	93,720	0	93,720
Intergovernmental	104,040	26,142	126,503	256,685
Earnings on Investments	120	0	0	120
Miscellaneous	54,448	0	0	54,448
<b>Total Cash Receipts</b>	<b>1,212,248</b>	<b>377,849</b>	<b>342,545</b>	<b>1,932,642</b>
<b>Cash Disbursements:</b>				
<b>Current Disbursements:</b>				
<b>Security of Persons and Property:</b>				
Salaries	775,044	127,610	0	902,654
Benefits	302,757	30,000	0	332,757
Purchased Services	173,090	8,606	0	181,696
Materials and Supplies	25,349	12,307	0	37,656
Other	3,492	0	0	3,492
<b>Debt Service:</b>				
Principal	0	58,958	216,042	275,000
Interest and Fiscal Charges	0	262,497	126,503	389,000
<b>Total Cash Disbursements</b>	<b>1,279,732</b>	<b>499,978</b>	<b>342,545</b>	<b>2,122,255</b>
Excess Receipts Under Disbursements	(67,484)	(122,129)	0	(189,613)
<b>Other Financing Receipts:</b>				
Proceeds from Sale of Assets	55,100	0	0	55,100
<b>Total Other Financing Receipts</b>	<b>55,100</b>	<b>0</b>	<b>0</b>	<b>55,100</b>
<b>Net Change in Fund Cash Balance</b>	<b>(12,384)</b>	<b>(122,129)</b>	<b>0</b>	<b>(134,513)</b>
Fund Cash Balance, January 1	266,445	221,478	0	487,923
<b>Fund Cash Balance, December 31:</b>				
Restricted	0	99,349	0	99,349
Unassigned	254,061	0	0	254,061
<b>Fund Cash Balance, December 31</b>	<b>\$254,061</b>	<b>\$99,349</b>	<b>\$0</b>	<b>\$353,410</b>

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

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Little Miami Joint Fire and Rescue District, Hamilton County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Columbia Township and the Village of Fairfax. The District provides fire protection and rescue services within the District and by mutual aid 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 Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provision of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 1172-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

**Deposits and Investments**

The District’s cash and investments include deposits and a money market account. The District has all cash deposits in an interest bearing checking account.

**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:

*Emergency Medical Services (EMS)* – This fund receives billings for medical assistance/ambulance transport services.

*Fire Tax Levy Fund* – This fund receives property tax monies and related intergovernmental funds for use in providing and maintaining fire apparatus, appliances, buildings, or site, and various other purposes.

**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant debt service fund:

*Bond Retirement Fund* – This fund receives annual federal interest subsidy payments and property tax monies to be used to repay a portion of principal and interest obligations of the fire bonds.

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Budgetary Process**

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

**Fund Balance**

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

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

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

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

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

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

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.

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Property, Plant and Equipment**

The District records disbursements for acquisitions of property, plant and equipment when paid. The accompanying 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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,242,070	\$1,267,348	\$25,278
Special Revenue	425,338	377,849	(47,489)
Debt Service	343,662	342,545	(1,117)
Total	\$2,011,070	\$1,987,742	(\$23,328)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,400,388	\$1,279,732	\$120,656
Special Revenue	491,146	499,978	(8,832)
Debt Service	343,662	342,545	1,117
Total	\$2,235,196	\$2,122,255	\$112,941

**Note 4 – Deposits and Investments**

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

	2017
Demand deposits	\$246,882
Money Market	106,528
Total deposits	353,410
Total deposits and investments	\$353,410

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation.

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Investments**

The PNC Bank hold the District's money market account in book-entry form by, and in the name of, the District's financial institution. The financial institution maintains records identifying the District as owner of the investment. A financial institution's trust department holds the District's equity securities in book entry form in the District's name.

**Note 5 – Taxes**

***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.

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.

**Note 6 – Risk Management**

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. This rate is calculated based on accident history and administrative costs.

**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 Police and Fire Retirement System**

Several District certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2017.

**Ohio Public Employees Retirement System**

Two 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.

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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, 2017.

**Social Security**

Some District's 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, 2017.

**Note 8 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Fire Bonds	\$6,545,000	Variable
Total	\$6,545,000	

The District issued general obligation bond through the Ohio Capital Asset Financing Program as Fractionalized Interests to finance the purchase of a pick-up truck, car and ambulance. The District's taxing authority collateralized the bonds. These bonds were repaid from the Fire Tax Levy Fund. The final payment was made in 2017.

In 2010, the District issues \$8,135,000 series long term general obligation bond (LTGO) in taxable Build America Bonds (BAB) that carry an interest subsidy payment. The bonds were issued for the construction of two new fire houses. The bond has a final maturity of December 1, 2036. These bonds are being repaid from the Fire Tax Levy Fund and the Bond Retirement Fund.

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

Year ending December 31:	Fire Bonds
2018	\$496,636
2019	495,542
2020	496,675
2021	492,459
2022	493,070
2023-2027	2,465,988
2028-2032	2,470,766
2033-2036	1,973,970
Total	\$9,385,106

**Note 9 – Contingent Liabilities**

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

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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The District is not currently party to litigation.

**Note 10 – Subsequent Events**

On October 11, 2017, the District passed a resolution approving the Village of Golf Manor’s request for membership in the Little Miami Joint Fire and Rescue District. The Village of Golf Manor’s membership was effective January 1, 2018.

**Note 11 - Compliance**

- The District’s budgetary information within its accounting system was not in agreement with approved budgetary documents, which is contrary to Ohio Administrative Code Section 117-2-02(C)(1).
- The District had disbursements in excess of appropriations, which is contrary to Ohio Revised Code Section 5705.41(B).

**Little Miami Joint Fire and Rescue District**  
**Hamilton County**  
*Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balance*  
*Governmental Fund Type*  
*For the Year Ended December 31, 2016*

	General	Special Revenue	Debt Service	Capital Projects	Total
Cash Receipts:					
Property and Other Local Taxes	\$1,048,187	\$443,470	\$0	\$0	\$1,491,657
Charges for Services	0	125,744	0	0	125,744
Intergovernmental	183,032	46,093	194,611	0	423,736
Earnings on Investments	99	0	0	0	99
Miscellaneous	4,551	0	0	0	4,551
<b>Total Cash Receipts</b>	<b>1,235,869</b>	<b>615,307</b>	<b>194,611</b>	<b>0</b>	<b>2,045,787</b>
Cash Disbursements:					
Current Disbursements:					
Security of Persons and Property:					
Salaries	685,395	278,949	0	0	964,344
Benefits	216,274	120,440	0	0	336,714
Purchased Services	201,731	10,677	0	0	212,408
Materials and Supplies	20,804	11,920	0	0	32,724
Other	4,659	0	0	0	4,659
Debt Service:					
Principal	0	275,000	0	12,422	287,422
Interest and Fiscal Charges	0	202,989	194,611	0	397,600
<b>Total Cash Disbursements</b>	<b>1,128,863</b>	<b>899,975</b>	<b>194,611</b>	<b>12,422</b>	<b>2,235,871</b>
Excess Receipts Over (Under) Disbursements	107,006	(284,668)	0	(12,422)	(190,084)
Other Financing Receipts:					
Proceeds from Sale of Assets	5,315	0	0	0	5,315
<b>Total Other Financing Receipts</b>	<b>5,315</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,315</b>
Net Change in Fund Cash Balance	112,321	(284,668)	0	(12,422)	(184,769)
Fund Cash Balance, January 1 - Restated	154,124	506,146	0	12,422	672,692
Fund Cash Balance, December 31:					
Restricted	0	221,478	0	0	221,478
Unassigned	266,445	0	0	0	266,445
<b>Fund Cash Balance, December 31</b>	<b>\$266,445</b>	<b>\$221,478</b>	<b>\$0</b>	<b>\$0</b>	<b>\$487,923</b>

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



**Little Miami Joint Fire and Rescue District**  
*Hamilton 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 Little Miami Joint Fire and Rescue District, Hamilton County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Columbia Township and the Village of Fairfax. The District provides fire protection and rescue services within the District and by mutual aid 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 Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provision of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 1172-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

**Deposits and Investments**

The District’s cash and investments include deposits and a money market account. The District has all cash deposits in an interest bearing checking account.

**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:

*Emergency Medical Services (EMS)* – This fund receives billings for medical assistance/ambulance transport services.

*Fire Tax Levy Fund* – This fund receives property tax monies and related intergovernmental funds for use in providing and maintaining fire apparatus, appliances, buildings, or site, and various other purposes.

**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant debt service fund:

*Bond Retirement Fund* – This fund receives annual federal interest subsidy payments to be used to repay a portion of interest obligations of the fire bonds.

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**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 fund:

*Firehouse Construction Fund* –This fund received bond money for the construction of the Newtown and Fairfax firehouses as well as related equipment, appliances, and other various purposes.

**Budgetary Process**

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

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

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

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

A summary of 2016 budgetary activity appears in Note 3.

**Fund Balance**

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

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

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

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

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

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

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

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Property, Plant and Equipment**

The District records disbursements for acquisitions of property, plant and equipment when paid. The accompanying 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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,001,839	\$1,241,184	(\$760,655)
Special Revenue	725,027	615,307	(109,720)
Debt Service	130,288	194,611	64,323
Total	\$2,857,154	\$2,051,102	(\$806,052)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$744,297	\$1,128,863	(\$384,566)
Special Revenue	1,478,731	899,975	578,756
Debt Service	0	194,611	(194,611)
Capital Projects	28,168	12,422	15,746
Total	\$2,251,196	\$2,235,871	\$15,325

**Note 4 – Deposits and Investments**

The District maintains a deposit and investment 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:

	2016
Demand deposits	\$381,515
Money Market	106,408
Total deposits	487,923
Total deposits and investments	\$487,923

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***Deposits***

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

***Investments***

The PNC Bank hold the District's money market account in book-entry form by, and in the name of, the District's financial institution. The financial institution maintains records identifying the District as owner of the investment. A financial institution's trust department holds the District's equity securities in book entry form in the District's name.

**Note 5 – Taxes**

***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.

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.

**Note 6 – Risk Management**

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. This rate is calculated based on accident history and administrative costs.

***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 Police and Fire Retirement System***

Several District certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2016.

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***Ohio Public Employees Retirement System***

Two 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***

Some District's 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.

**Note 8 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$35,000	Variable
Fire Bonds	6,785,000	Variable
Total	\$6,820,000	

The District issued general obligation bond through the Ohio Capital Asset Financing Program as Fractionalized Interests to finance the purchase of a pick-up truck, car and ambulance. The District's taxing authority collateralized the bonds. These bonds are being repaid from the Fire Tax Levy Fund.

In 2010, the District issues \$8,135,000 series long term general obligation bond (LTGO) in taxable Build America Bonds (BAB) that carry an interest subsidy payment. The bonds were issued for the construction of two new fire houses. The bond has a final maturity of December 1, 2036. These bonds are being repaid from the Fire Tax Levy Fund and the Bond Retirement Fund.

In 2014, the District entered into a lease purchase agreement with the Stryker Flex Financial for the purchase of equipment. This lease purchase agreement required a \$40,000 payment due at signing and three subsequent annual payments of \$12,422 at a 0% interest rate. This lease holds an equipment purchase option of \$1 at the end of the lease. The final payment was made in 2016. The lease is secured by the equipment purchased. This lease was repaid from the Capital Projects Fund.

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

Year ending December 31:	General Obligation Bonds	Fire Bonds
2017	\$36,400	\$491,940
2018	0	496,636
2019	0	495,542
2020	0	496,675
2021	0	492,459
2022-2026	0	2,464,503
2027-2031	0	2,471,863
	0	2,467,428
Total	\$36,400	\$9,877,046

**Note 9 – Contingent Liabilities**

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

The District is not currently party to litigation.

**Note 10 – Subsequent Events**

The Village of Newtown withdrew for the District effective January 1, 2016. The District and the Village entered into a lease agreement for the Village to continue to use the firehouse within the Village’s boundaries and certain equipment and other assets until the District and the Village entered into a separation agreement. On August 17, 2016, a separation agreement was approved by the District’s Board. Final approval of the agreement was received from the County Auditor’s office on March 7, 2017.

On October 11, 2017, the District passed a resolution approving the Village of Golf Manor’s request for membership in the Little Miami Joint Fire and Rescue District. The Village of Golf Manor’s membership was effective January 1, 2018.

**Note 11 - Compliance**

- The District’s budgetary information within its accounting system was not in agreement with approved budgetary documents, which is contrary to Ohio Administrative Code Section 117-2-02(C)(1).
- The District had appropriations in excess of estimated resources, which is contrary to Ohio Revised Code Section 5705.39.
- The District had disbursements in excess of appropriations, which is contrary to Ohio Revised Code Section 5705.41(B).

**Little Miami Joint Fire and Rescue District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 12 – Restatement of Beginning Fund Balances**

A restatement was required to correct beginning fund cash balances due to an understatement in investments balances. This restatement had the following effect on beginning fund cash balances:

	General Fund
Fund Cash Balance, As Reported, December 31, 2015	\$83,023
Restatement for Investments	71,101
Fund Cash Balance, As Restated, January 1, 2016	<u>\$154,124</u>

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Little Miami Joint Fire and Rescue District  
Hamilton County  
5800 Wooster Pike  
Cincinnati, Ohio 45227

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Little Miami Joint Fire and Rescue District, Hamilton County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2018, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-004, that we consider to be a material weakness.

Little Miami Joint Fire and Rescue District  
Hamilton County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2017-001 through 2017-003.

### **District's Responses to Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

October 26, 2018

**Little Miami Joint Fire and Rescue District**  
**Hamilton County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2017 and 2016*

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**Finding Number 2017-001**

**Noncompliance – Budget Information Within Accounting System**

Monitoring controls are regular management and supervisory activities established to oversee whether management’s objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

When designing the system of internal control and the specific control activities, management should consider ensuring:

- a) Reliability of financial reporting;
- b) Effectiveness and efficiency of operations;
- c) Compliance with applicable laws and regulations.

Ohio Administrative Code Section 117-2-02(C)(1) requires all local public offices to integrate the budgetary accounts, at the level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely budgetary information at the fund level. Failure to update the system with the official budget increases the risk of relying on inaccurate information for monitoring compliance with applicable laws, operations, and proper reporting.

The District did not accurately record budgetary amounts in their accounting system. Failure to update the system with approved appropriations increases the risk of relying on inaccurate information for monitoring compliance with applicable laws, operations, and proper reporting. The District should monitor budgetary information entered into its accounting system to ensure accurate accounting records are maintained.

*District’s Response:*

Fiscal Officer will set up budget within accounting system.

**Finding Number 2017-002**

**Noncompliance – Appropriations in Excess of Estimated Resources**

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. Instances of appropriations in excess of estimated resources were identified at December 31, 2016. In addition, we noted that the only document containing appropriations were filed at the end of February of each year and that this document did not agree to the appropriations documented as adopted within the minute record. Failure to limit appropriations to estimated resources may result in unauthorized spending or overspending. Furthermore, inaccuracies in budgetary documents may result in the Board of Trustees relying on inaccurate or incomplete information while making financial decisions. The District should implement procedures to ensure that appropriations are limited to estimated resources. The District should also ensure that appropriations are accurately and timely filed with the County Auditor so as to ensure that they are considered effective within a reasonable time after adoption and for the authorized amounts.

*District’s Response:*

Corrected for fiscal year 2017 and beyond.

**Little Miami Joint Fire and Rescue District**  
**Hamilton County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2017 and 2016*

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**Finding Number 2017-003**

**Noncompliance – Disbursements in Excess of Appropriations**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Instances of expenditures in excess of appropriations were noted at December 31, 2017 and 2016. In addition, we noted that the District's appropriations do not appear to have been filed with the County Auditor until the end of February of each year. Since appropriations are not considered to be effective until filed with the County Auditor, all expenditures made prior to those filing dates are also considered in excess of appropriations. Failure to limit expenditures to authorized appropriation levels may result in unauthorized spending or overspending. The District should implement procedures to ensure that expenditures are limited to appropriations and timely filed with the County Auditor.

*District's Response:*

Amended certificate will be filed with the County Auditor by December 31<sup>st</sup> of each year.

**Finding Number 2017-004**

**Material Weakness – Financial Reporting**

A sound internal control environment is pertinent to ensure that management properly presents the financial activity of the District. During the course of testing, we noted various misstatements and misclassifications within the District's accounting records and financial statements, including various misclassifications of disbursements and fund balances, postings and misclassification of property tax and intergovernmental revenues, and recording of EMS revenues net of fees. These errors have been corrected within the accompanying financial statements. In addition, we noted that the District had an unrecorded outside bank account and does not include its investment balances and related activity within its accounting system, which requires additional computations and adjustments to present its financial activity in its annual financial report. The District should implement additional operating and monitoring procedures to ensure that financial activity is presented accurately and completely within the accounting records and financial statements.

*District's Response:*

The House Fund Account will be handled in one of two ways: 1) removed from LMFR's tax ID bank accounts and be treated as a separate account through the fire association, or 2) incorporated as an account within LMFR's budget. This will be discussed and determined by the board.

**Little Miami Joint Fire and Rescue District**  
**Hamilton County**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2017 and 2016*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
Finding 2015-001	Noncompliance – Ohio Revised Code Section 5705.41(D) – Prior Encumbrance of Funds	No	Reissued in management letter
Finding 2015-002	Noncompliance – Ohio Revised Code Section 5705.10 – Negative Fund Balances	Yes	
Finding 2015-003	Noncompliance – Ohio Revised Code Section 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued as finding 2017-002
Finding 2015-004	Noncompliance – Ohio Revised Code Section 5705.41(B) – Disbursements in Excess of Appropriations	No	Reissued as finding 2017-003
Finding 2015-005	Noncompliance – Ohio Administrative Code Section 117-2-02(C)(1) – Budget Information within the Accounting System	No	Reissued as finding 2017-001
Finding 2015-006	Material Weakness – Governmental Accounting Standards Board Statement 54 Improper Classification of Fund Balances	Yes	
Finding 2015-007	Material Weakness – House Fund Bank Account	No	Reissued in management letter
Finding 2015-008	Material Weakness – Financial Reporting	No	Reissued as finding 2017-004

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# Dave Yost • Auditor of State

**LITTLE MIAMI JOINT FIRE AND RESCUE DISTRICT**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 29, 2018**