



Dave Yost • Auditor of State

**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT
SCIOTO COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

South Webster-Bloom Township Joint Fire District
Scioto County
1306 Essman Sugar Camp Road
PO Box 631
South Webster, Ohio 45682

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and the major fund of the South Webster-Bloom Township Joint Fire District, Scioto, Ohio (the District), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of the South Webster-Bloom Township Joint Fire District, Scioto County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 14 to the financial statements, during 2016, the District has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

August 8, 2018

South Webster-Bloom Township Joint Fire District

Statement of Net Position - Cash Basis

December 31, 2017

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$361,726</u>
<i>Total Assets</i>	<u><u>\$361,726</u></u>
Net Position	
Unrestricted	<u>361,726</u>
<i>Total Net Position</i>	<u><u>\$361,726</u></u>

See accompanying notes to the basic financial statements

South Webster-Bloom Township Joint Fire District
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	Program Cash	Net (Disbursements) Receipts and Changes in Net Position
Cash Disbursements	Charges for Services and Sales	Governmental Activities
Governmental Activities		
Current Disbursements:		
Security of Persons and Property:		
Salaries	3,924	1,314
Fringe Benefits	25,565	8,558
Materials and Supplies	38,311	12,825
Equipment	44,405	14,865
Other	71,441	23,916
Capital Outlay		
Debt Service:		
Principal Retirement	80,154	26,833
Interest and Fiscal Charges	11,236	3,761
<i>Total Governmental Activities</i>	<u>\$275,036</u>	<u>(\$147,742)</u>
General Receipts:		
Property Taxes Levied for General Purposes		201,030
Grants/Entitlements not Restricted to Specific Programs		25,322
Earnings on Investments		261
Miscellaneous		16,349
		<u>242,962</u>
<i>Total General Receipts:</i>		<u>242,962</u>
Change in Net Position		95,220
<i>Net Position Beginning of Year</i>		<u>266,506</u>
<i>Net Position End of Year</i>		<u>\$361,726</u>

See accompanying notes to the basic financial statements

South Webster-Bloom Township Joint Fire District
Statement of Assets and Fund Balances- Cash Basis
Governmental Fund
December 31, 2017

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$361,726</u>
<i>Total Assets</i>	<u><u>\$361,726</u></u>
Fund Balances	
Unassigned (Deficit)	<u>361,726</u>
<i>Total Fund Balances</i>	<u><u>\$361,726</u></u>

See accompanying notes to the basic financial statements

South Webster-Bloom Township Joint Fire District
Statement of Receipts, Disbursements and Changes in Fund Balances -Cash Basis
Governmental Fund
For the Year Ended December 31, 2017

	General
Receipts	
Property Taxes	\$201,030
Charges for Services	92,073
Intergovernmental	
Grants	35,221
Other	25,322
Earnings on Investments	261
Miscellaneous	16,349
	370,256
Disbursements	
Current Disbursements:	
Security of Persons and Property:	
Salaries	3,924
Fringe Benefits	25,565
Materials and Supplies	38,311
Equipment	44,405
Other	71,441
Debt Service:	
Principal Retirement	80,154
Interest and Fiscal Charges	11,236
	275,036
<i>Total Disbursements</i>	<i>275,036</i>
<i>Net Change in Fund Balances</i>	<i>95,220</i>
<i>Fund Balances Beginning of Year</i>	<i>266,506</i>
	<i>266,506</i>
<i>Fund Balances End of Year</i>	<i>\$361,726</i>

See accompanying notes to the basic financial statements

South Webster-Bloom Township Joint Fire District
*Statement of Receipts, Disbursements and Change
 In Fund Balance - Budget and Actual - Budget Basis
 General Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$192,000	\$192,000	\$201,030	\$9,030
Charges for Services	54,680	54,680	92,073	37,393
Intergovernmental				
Grants	20,917	20,917	35,221	14,304
Other	15,038	15,038	25,322	10,284
Earnings on Investments	155	155	261	106
Miscellaneous	9,710	9,710	16,349	6,639
<i>Total Receipts</i>	292,500	292,500	370,256	77,756
Disbursements				
Current:				
Security of Persons and Property:				
Salaries	4,730	4,730	3,924	806
Fringe Benefits	33,423	33,423	25,565	7,858
Materials and Supplies	25,665	25,665	38,311	(12,646)
Equipment			44,405	(44,405)
Other	87,430	87,431	71,441	15,990
Capital Outlay	332,247	332,247	0	332,247
Debt Service:				
Principal Retirement			80,154	(80,154)
Interest and Fiscal Charges			11,236	(11,236)
<i>Total Disbursements</i>	483,495	483,496	275,036	208,460
<i>Net Change in Fund Balance</i>	(190,995)	(190,996)	95,220	286,216
<i>Unencumbered Fund Balance Beginning of Year</i>	266,506	266,506	266,506	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	\$75,511	\$75,510	\$361,726	\$286,216

See accompanying notes to the basic financial statements

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South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 1 – Reporting Entity

South-Webster-Bloom Township Joint Fire District, Scioto County, Ohio (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a publicly elected four-member Board of Trustees. The District also has an appointed District Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The primary government of the District provides the following services to its citizens: general government services, fire protection, and emergency medical services protection. The District also assists other fire and emergency medical service districts when the need arises

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the District's general receipts.

Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only has one governmental fund.

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

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

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

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

Budgetary Process

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

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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

Cash

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

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

Capital Assets

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

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Long-Term Obligations

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

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District’s policy is to first apply restricted resources when an obligation is incurred for purposes for

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

which both restricted and unrestricted net position are available.

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute. State Statute authorizes the District Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 3 – Compliance

Compliance

Contrary to Ohio law (Ohio Rev. Code Section 5705.41D), the District did not properly certify that funds were lawfully appropriated and available prior to expenditure.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

However, since the District did not properly encumber funds, as noted above in Note 3, there were no adjustments made to the budgetary basis statements.

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if trading requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the District's bank balance of \$361,726 was exposed to custodial credit risk because those deposits collateralized by the specific securities held by the financial institution.

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

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

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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

The financial institution maintained its own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Note 6 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the District. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all District operations for the year ended December 31, 2017, was \$6.5 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$33,803,290
Public Utility Personal Property	14,474,550
Total	<u>\$48,277,840</u>

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

Note 7 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the District contracted with several companies for various types of insurance coverage as follows:

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Type of Coverage	Coverage
VFIS Insurance Company	
Each Medical Incident	\$1,000,000
Personal & Advertising Injury	1,000,000
Fire Damage Legal Liability	1,000,000
Medical Expense	5,000
General Aggregate	2,000,000
Products/Completed Operations Aggregate	2,000,000
Cyber Liability	1,000,000
Privacy Crisis Management	50,000

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

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. The System administers and pays all claims.

Note 8 – Defined Benefit Pension Plan

Plan Description – District employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

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

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

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

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

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

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

	State and Local		Public Safety		Law Enforcement	
2017 Statutory Maximum Contribution Rates						
Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	*		**	
2017 Actual Contribution Rates						
Employer:						
Pension	13.0	%	17.1	%	17.1	%
Post-employment Health Care Benefits	1.0		1.0		1.0	
Total Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	12.0	%	13.0	%
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.						
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.						

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was \$1,340 for year 2017.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

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

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the District's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$96, \$162, and \$165, respectively. The full amount has been contributed for all three years.

Note 10 – Debt

Long Term Debt

During 2015, the District entered into a loan agreement with Milton Banking Company for a loan of \$635,000 to build a new fire department building. The loan was issued at a 2.77% interest rate. The loan will be paid from the General Fund.

The District's long-term debt activity for the year ended December 31, 2017, was as follows:

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

	Amount Outstanding 12/31/16	Issued	Retired	Amount Outstanding 12/31/17	Amount Due In One Year
Governmental Activities					
2.77% Various Purpose - New Building	424,188	0	80,154	344,034	24,957
<i>Total Governmental Activities</i>	424,188	0	80,154	344,034	24,957

This loan is supported by the full faith and credit of the District and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Principal and Interest requirements to retire the debt outstanding at December 31, 2017 are as follows:

Year	Principal	Interest
2018	\$24,957	\$16,436
2019	\$25,658	\$15,735
2020	\$26,335	\$15,058
2021	\$27,116	\$14,277
2022	\$27,877	\$13,516
2023-2027	\$151,527	\$55,438
2028-2029	\$60,564	\$16,067
Total:	\$344,034	\$146,527

Leases

In October 2016, the District entered into a lease agreement to lease the old fire house (81Market Street) to the local school. The School agreed to pay \$2,000 per year for the lease and pay the property taxes, utilities, and maintenance on the old fire house located at 81 Market Street.

Note 11 – Related Party Transaction

A Fire Chief is the owner of a company from which the District acquired hardware supplies during the year. The District paid \$591 for this acquisition.

South Webster-Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraint placed on the general fund is presented below:

<u>Fund Balances</u>	<u>General</u>
Unassigned (Deficit)	<u>361,726</u>
<i>Total Fund Balances</i>	<u><u>\$361,726</u></u>

Note 13 – Capital Assets

The District had 9 vehicles used for emergencies. They were insured at a total of \$1,263,254 by VFIS.

The Old Fire House located at 81 Market Street is insured for \$684,284. The New Fire House is insured for \$1,055,000.

Note 14 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

Note 15 - Donations

One of the churches in the county closed its' doors and sold the property. The Fire District received \$16,349 as a donation from the sale of the property. The Fire District does not solicit for donations.

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South Webster-Bloom Township Joint Fire District

Statement of Net Position - Cash Basis

December 31, 2016

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$266,506</u>
<i>Total Assets</i>	<u><u>\$266,506</u></u>
Net Position	
Unrestricted	<u>266,506</u>
<i>Total Net Position</i>	<u><u>\$266,506</u></u>

See accompanying notes to the basic financial statements

South Webster-Bloom Township Joint Fire District

Statement of Activities - Cash Basis

For the Year Ended December 31, 2016

	Cash Disbursements	Program Cash Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities			
Current Disbursements:			
Security of Persons and Property:			
Salaries	4,017	776	(\$3,241)
Fringe Benefits	33,423	6,457	(\$26,966)
Materials and Supplies	25,665	4,958	(\$20,707)
Other	88,736	17,144	(\$71,592)
Capital Outlay	263,282	50,866	(\$212,416)
Debt Service:			
Principal Retirement	57,162	11,044	(\$46,118)
Interest and Fiscal Charges	11,803	2,280	(\$9,523)
<i>Total Governmental Activities</i>	<u>\$484,088</u>	<u>\$93,525</u>	<u>(\$390,563)</u>
General Receipts:			
Property Taxes Levied for General Purposes			180,589
Debt Issued			75,000
Sale of Capital Assets			10,152
Earnings on Investments			280
Miscellaneous			8,414
<i>Total General Receipts:</i>			<u>323,790</u>
Change in Net Position			(66,773)
<i>Net Position Beginning of Year</i>			<u>333,279</u>
<i>Net Position End of Year</i>			<u>\$266,506</u>

See accompanying notes to the basic financial statements

South Webster-Bloom Township Joint Fire District
Statement of Assets and Fund Balances- Cash Basis
Governmental Fund
December 31, 2016

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$266,506</u>
<i>Total Assets</i>	<u><u>\$266,506</u></u>
Fund Balances	
Assigned	190,282
Unassigned (Deficit)	<u>76,224</u>
<i>Total Fund Balances</i>	<u><u>\$266,506</u></u>

See accompanying notes to the basic financial statements

South Webster-Bloom Township Joint Fire District
Statement of Receipts, Disbursements and Changes in Fund Balances -Cash Basis
Governmental Fund
For the Year Ended December 31, 2016

	General
Receipts	
Property Taxes	\$180,589
Charges for Services	93,525
Intergovernmental	
Other	49,355
Earnings on Investments	280
Miscellaneous	8,414
	332,163
<i>Total Receipts</i>	<i>332,163</i>
Disbursements	
Current Disbursements:	
Security of Persons and Property:	
Salaries	4,017
Fringe Benefits	33,423
Materials and Supplies	25,665
Other	88,736
Capital Outlay	263,282
Debt Service:	
Principal Retirement	57,162
Interest and Fiscal Charges	11,803
	484,088
<i>Total Disbursements</i>	<i>484,088</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(151,925)</i>
Other Financing Sources (Uses)	
Sale of Capital Assets	10,152
Proceeds of Debt	75,000
	85,152
<i>Total Other Financing Sources (Uses)</i>	<i>85,152</i>
<i>Net Change in Fund Balances</i>	<i>(66,773)</i>
<i>Fund Balances Beginning of Year</i>	<i>333,279</i>
<i>Fund Balances End of Year</i>	<i>\$266,506</i>

See accompanying notes to the basic financial statements

South Webster-Bloom Township Joint Fire District
*Statement of Receipts, Disbursements and Change
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$188,000	\$188,000	\$180,589	(\$7,411)
Charges for Services	40,100	257,393	93,525	(163,868)
Intergovernmental	21,162	135,831	49,355	(86,476)
Earnings on Investments	120	771	280	(491)
Miscellaneous	3,608	23,156	8,414	(14,742)
<i>Total Receipts</i>	252,990	605,151	332,163	(272,988)
Disbursements				
Current:				
Security of Persons and Property:				
Salaries	4,970	4,970	4,017	953
Fringe Benefits	17,931	28,841	33,423	(4,582)
Materials and Supplies	19,594	19,594	25,665	(6,071)
Other	91,367	80,457	88,736	(8,279)
Capital Outlay	788,352	788,352	263,282	525,070
Debt Service:				
Principal Retirement	0	0	57,162	(57,162)
Interest and Fiscal Charges	0	0	11,803	(11,803)
<i>Total Disbursements</i>	922,214	922,214	484,088	438,126
<i>Excess of Receipts Over (Under) Disbursements</i>	(669,224)	(317,063)	(151,925)	165,138
Other Financing Sources (Uses)				
Sale of Capital Assets	4,353	27,939	10,152	(17,787)
Proceeds of Debt	32,157	206,410	75,000	(131,410)
<i>Total Other Financing Sources (Uses)</i>	36,510	234,349	85,152	(149,197)
<i>Net Change in Fund Balance</i>	(632,714)	(82,714)	(66,773)	15,941
<i>Unencumbered Fund Balance Beginning of Year</i>	333,279	333,279	333,279	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	(\$299,435)	\$250,565	\$266,506	\$15,941

See accompanying notes to the basic financial statements

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South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Note 1 – Reporting Entity

South Webster-Bloom Township Joint Fire District, Scioto County, Ohio (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a publicly elected four-member Board of Trustees. The District also has an appointed District Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The primary government of the District provides the following services to its citizens: general government services, fire protection, and emergency medical services protection. The District also assists other fire and emergency medical service districts when the need arises.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only has one governmental fund.

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

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

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

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

Budgetary Process

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

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

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

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

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

amounts represent the final appropriation amounts passed by the District during the year.

Cash

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted assets as of December 31, 2016.

Inventory and Prepaid Items

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

Capital Assets

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

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Long-Term Obligations

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

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute. State Statute authorizes the District Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Note 3 – Compliance

Compliance

Contrary to Ohio law (Ohio Rev. Code Section 5705.41D), the District did not properly certify that funds were lawfully appropriated and available prior to expenditure.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis should be as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

However, since the District did not properly encumber funds, as noted above in Note 3, there were no adjustments made to the budgetary basis statements.

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the District's bank balance of \$266,506 was exposed to custodial credit risk because the financial institution maintained specific securities to collateralize their deposits.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Note 6 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the District. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all District operations for the year ended December 31, 2016, was \$6.5 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$32,141,710
Public Utility Personal Property	10,238,470
Total	<u>\$42,380,180</u>

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

Note 7 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the District contracted with several companies for various types of insurance coverage as follows:

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Type of Coverage	Coverage
VFIS Insurance Company	
Each Medical Incident	\$1,000,000
Personal & Advertising Injury	1,000,000
Fire Damage Legal Liability	1,000,000
Medical Expense	5,000
General Aggregate	3,000,000
Products/Completed Operations Aggregate	3,000,000
Cyber Liability	1,000,000
Privacy Crisis Management	50,000

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

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. The System administers and pays all claims.

Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

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

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

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

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

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

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

	State and Local		Public Safety		Law Enforcement	
2016 Statutory Maximum Contribution Rates						
Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	*		**	
2016 Actual Contribution Rates						
Employer:						
Pension	12.0	%	16.1	%	16.1	%
Post-employment Health Care Benefits	2.0		2.0		2.0	
Total Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	12.0	%	13.0	%
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.						
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.						

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was \$1,135 for year 2016.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded 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 of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the District's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$162, \$165, and \$165, respectively. The full amount has been contributed for all three years.

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Note 10 – Debt

Long Term Obligations

During 2015, the District entered into a loan agreement with Milton Banking Company for a loan of \$635,000 to build a new fire department building. The loan was issued at a 2.77% interest rate. The loan will be paid from the General Fund.

The District’s long-term debt activity for the year ended December 31, 2016, was as follows:

	Amount Outstanding 12/31/15	Additions	Deletions	Amount Outstanding 12/31/16	Amounts Due in One Year
Governmental Activities					
2.77% Various Purpose- New Building	\$406,350	\$75,000	\$57,162	\$424,188	\$24,276
Total Governmental Activities	\$406,350	\$75,000	\$57,162	\$424,188	\$24,276

This loan is supported by the full faith and credit of the District and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Principal and Interest requirements to retire the debt outstanding at December 31, 2016 are as follows:

Year	Principal	Interest
2017	\$24,276	\$17,117
2018	\$24,957	\$16,436
2019	\$25,658	\$15,735
2020	\$26,335	\$15,058
2021	\$27,116	\$14,277
2022-2026	\$147,392	\$59,573
2027-2031	\$148,454	\$37,694
Total:	\$424,188	\$175,890

Leases

In October 2016, the District entered into a lease agreement to lease the old fire house (81Market Street) to the local school. The School agreed to pay \$2,000 per year for the lease and pay the property taxes, utilities, and maintenance on the old fire house located at 81 Market Street.

South Webster Bloom Township Joint Fire District

Scioto County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Note 11 – Related Party Transaction

The Fire Chief is the owner of a company from which the District acquired hardware supplies during the year. The District paid \$1,180 for this acquisition.

Note 12 – Fund Balances

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

<u>Fund Balances</u>	<u>General</u>
Assigned to	
Appropriations exceeding Estimated Resources	<u>190,282</u>
Unassigned (Deficit)	<u>76,224</u>
<i>Total Fund Balances</i>	<u><u>\$266,506</u></u>

Note 13 – Capital Assets

The District had 9 vehicles used for emergencies. They were insured at a total of \$1,263,254 by VFIS.

The Old Fire House located at 81 Market Street is insured for \$684,284. The New Fire House is insured for \$1,055,000.

Note 14 – Change in Basis of Accounting

Last year the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the District has implemented the cash basis of accounting described in Note 2. This had no effect on beginning fund balance.

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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*

South Webster-Bloom Township Joint Fire District
Scioto County
1306 Essman Sugar Camp Road
PO Box 631
South Webster, Ohio 45682

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 governmental activities and the major fund of the South Webster-Bloom Township Joint Fire District, Scioto County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 8, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

District's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

August 8, 2018

**SOUTH WEBSTER-BLOOM TOWNSHIP JOINT FIRE DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer's certification of the availability of funds was not completed for any of the disbursements during the audit period and there was no evidence that the District followed the aforementioned exceptions. Further, funds were not encumbered during the audit period. Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2017-001
(Continued)**

Unless the District uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligation by the District. When prior certification is not possible, 'then and now' certification should be utilized.

We recommend the District officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the District incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

We strive to correct this item for future audits.

FINDING NUMBER 2017-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following misstatements in the District's financial statements for the years ended December 31, 2017 and 2016:

December 31, 2017 financial statements:

- Cash and ending equity were overstated by \$10,679 due to outstanding check amounts not being factored in when the Fiscal Officer compiled the Financial Statements to file thru Hinkle System.
- Homestead and Rollback receipts in the amount of \$13,510 were recorded as Tax Receipts instead of as Other Intergovernmental Receipts.
- Homestead and Rollback receipts in the amount of \$11,812 were recorded as Grant Receipts instead of as Other Intergovernmental Receipts.
- Debt interest disbursements in the amount of \$11,236 were recorded as Debt Principal Disbursements.
- A donation in the amount of \$16,349 was recorded as a Charge for Services instead of Miscellaneous Receipts.

December 31, 2016 financial statements:

- Homestead and Rollback Receipts in the amount of \$11,931 were recorded as Miscellaneous Receipts instead of as Other Intergovernmental Receipts.

**FINDING NUMBER 2017-002
(Continued)**

- Homestead and Rollback Receipts in the amount of \$37,424 were recorded as Tax Receipts instead of as Other Intergovernmental Receipts.
- Debt Principal and Interest Disbursements in the amount of \$57,162 and \$11,803, respectively, were recorded as Capital Outlay Disbursements.
- Assigned Fund balance in the amount of \$190,282 was recorded as Unassigned Fund Balance.
- The sale of a building in the amount of \$10,152 was recorded as Miscellaneous Receipts instead of Sale of Capital Assets.

These mispostings were the responsibility of the Fiscal Officer. She was unaware of how some of the items above were supposed to be posted. This resulted in audit adjustments and reclassifications to the financial statements.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and footnotes by the Fiscal Officer and Board to identify and correct errors and omissions.

We also recommend the Fiscal Officer take due care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the District's receipts and expenditures.

Officials' Response:

We strive to correct this item for future audits.

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**South Webster-Bloom Township
Joint Fire District
Scioto County**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Rev. Code Section 5705.41(D) – Properly Encumbering	Not Corrected	Fiscal Officer will attempt to implement.
2015-002	Ohio Rev. Code Section 5705.41 (B) - Expenditures exceeding Appropriations	Corrected	
2015-003	Material Weakness for Inaccurate Accounting Records and Financial Statements	Not Corrected	Fiscal Officer will attempt to correct posting errors.

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Dave Yost • Auditor of State

BLOOM-SOUTH WEBSTER JOINT FIRE DISTRICT

SCIOTO 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
AUGUST, 28 2018**