



**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2013-2012



Dave Yost • Auditor of State

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Central Ohio Joint Fire District
Knox County
5138 Columbus Road
Centerburg, Ohio 43011

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Central Ohio Joint Fire District, Knox County, Ohio, (the District) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2013 and 2012, thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Central Ohio Joint Fire District, Knox County, as of December 31, 2013 and 2012, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014, 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

September 17, 2014

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 689,392	\$ 66,306	\$ 755,698
Charges for Services	283,386	-	283,386
Licenses, Permits and Fees	40	-	40
Intergovernmental	119,599	-	119,599
Earnings on Investments	398	-	398
Miscellaneous	31,378	-	31,378
	<u>1,124,192</u>	<u>66,306</u>	<u>1,190,498</u>
Total Cash Receipts			
	<u>1,124,192</u>	<u>66,306</u>	<u>1,190,498</u>
Cash Disbursements:			
Current Disbursements:			
Public Safety	887,172	-	887,172
Capital Outlay	55,748	-	55,748
Debt Service:			
Principal Retirement	-	53,044	53,044
Interest and Fiscal Charges	-	13,263	13,263
	<u>942,920</u>	<u>66,306</u>	<u>1,009,226</u>
Total Cash Disbursements			
	<u>942,920</u>	<u>66,306</u>	<u>1,009,226</u>
Net Change in Fund Cash Balance	181,272	-	181,272
Fund Cash Balances, January 1	<u>844,672</u>	<u>28</u>	<u>844,700</u>
Fund Cash Balances, December 31			
Restricted	-	28	28
Assigned	83,888	-	83,888
Unassigned (Deficit)	<u>942,056</u>	<u>-</u>	<u>942,056</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,025,944</u>	<u>\$ 28</u>	<u>\$ 1,025,972</u>

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

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 722,653	\$ 35,422	\$ 758,075
Charges for Services	191,763	-	191,763
Licenses, Permits and Fees	85	-	85
Intergovernmental	157,148	-	157,148
Earnings on Investments	645	-	645
Miscellaneous	2,444	-	2,444
	<u>1,074,738</u>	<u>35,422</u>	<u>1,110,160</u>
Total Cash Receipts			
Cash Disbursements:			
Current Disbursements:			
Public Safety	761,107	-	761,107
Capital Outlay	190,514	-	190,514
Debt Service:			
Principal Retirement	-	24,881	24,881
Interest and Fiscal Charges	-	10,541	10,541
	<u>951,621</u>	<u>35,422</u>	<u>987,043</u>
Total Cash Disbursements			
Excess Receipts Over Disbursements	<u>123,117</u>	<u>-</u>	<u>123,117</u>
Other Financing Receipts:			
Sale of Bonds	<u>140,625</u>	<u>-</u>	<u>140,625</u>
Net Change in Fund Cash Balance	263,742	-	263,742
Fund Cash Balances, January 1	<u>580,930</u>	<u>28</u>	<u>580,958</u>
Fund Cash Balances, December 31			
Restricted	-	28	28
Unassigned (Deficit)	<u>844,672</u>	<u>-</u>	<u>844,672</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 844,672</u>	<u>\$ 28</u>	<u>\$ 844,700</u>

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

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Central Ohio Joint Fire District, Knox County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints one member and one member is selected at-large. Those subdivisions are Hilliar Township, Liberty Township, Milford Township, and the Village of Centerburg. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

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

2. Debt Service Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$639,322	\$458,200
STAR Ohio	386,650	386,500
Total deposits and investments	<u>\$1,025,972</u>	<u>\$844,700</u>

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,091,968	\$1,124,192	\$32,224
Debt Service	66,306	66,306	0
Total	\$1,158,274	\$1,190,498	\$32,224

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,100,462	\$942,920	\$157,542
Debt Service	66,306	66,306	0
Total	\$1,166,768	\$1,009,226	\$157,542

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$844,169	\$1,215,363	\$371,194
Debt Service	35,422	35,422	0
Total	\$879,591	\$1,250,785	\$371,194

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,158,926	\$951,621	\$207,305
Debt Service	35,422	35,422	0
Total	\$1,194,348	\$987,043	\$207,305

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental

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

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2009 Fire Truck Bonds	\$182,690	4.50%
2012 Ambulance Bonds	114,111	3.25%
Total	<u>\$296,801</u>	

The District issued bonds to finance the purchase of a new fire truck. The District's taxing authority collateralized the bonds. The bonds were issued March 10, 2009 in the amount of \$279,524 and mature in 2019.

The District issued bonds to finance the purchase of a new ambulance. The District's taxing authority collateralized the bonds. The bonds were issued December 11, 2012 in the amount of \$141,125 and mature in October 2017.

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

Year ending December 31:	2009 Fire	2012
	<u>Truck Bonds</u>	<u>Ambulance Bonds</u>
2014	\$35,422	\$30,884
2015	35,422	30,884
2016	35,422	30,884
2017	35,422	30,884
2018	35,422	0
2019-2023	35,422	0
Total	<u>\$212,532</u>	<u>\$123,536</u>

6. Retirement Systems

The District's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

**CENTRAL OHIO JOINT FIRE DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

7. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

8. Subsequent Events

On May 16, 2014, the District approved \$166,352 in Series 2014 Ambulance Acquisition Bonds.



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

Central Ohio Joint Fire District
Knox County
5138 Columbus Rd
Centerburg, Ohio 43011

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 Central Ohio Joint Fire District, Knox County, Ohio, (the District) as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statement and have issued our report thereon dated September 17, 2014, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 17, 2014



Dave Yost • Auditor of State

CENTRAL OHIO JOINT FIRE DISTRICT

KNOX COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2014**