



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BLANCHESTER MARION TOWNSHIP FIRE DISTRICT  
CLINTON COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT

Blanchester Marion Township Fire District  
Clinton County  
PO Box 139  
Blanchester, Ohio 45107

To the Board Members:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements and related notes of the Blanchester Marion Township Fire District, Clinton County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

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

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

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

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Blanchester Marion Township Fire District, Clinton County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2019, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 4, 2019

**Blanchester Marion Township Fire District**  
*Clinton County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes In Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2018**

	<u>General</u>
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$236,197
Intergovernmental	55,148
Earnings on Investments	2,804
<i>Total Cash Receipts</i>	<i>294,149</i>
<b>Cash Disbursements</b>	
Current Disbursements:	
Current:	
General Government	150
Public Safety	194,768
Capital Outlay	306,676
Debt Service:	
Principal Retirement	60,007
Interest and Fiscal Charges	9,938
<i>Total Cash Disbursements</i>	<i>571,539</i>
<i>Excess Receipts Over (Under) Disbursements</i>	<i>(277,390)</i>
<b>Other Financing Receipts (Disbursements)</b>	
Other Debt Proceeds	189,395
Other Financing Sources	3,196
<i>Total Other Financing Receipts (Disbursements)</i>	<i>192,591</i>
<i>Net Change in Fund Cash Balance</i>	<i>(84,799)</i>
<i>Fund Cash Balances, January 1</i>	<i>597,706</i>
<b>Fund Cash Balances, December 31</b>	
Assigned	403,900
Unassigned (Deficit)	109,007
<i>Fund Cash Balances, December 31</i>	<i>\$512,907</i>

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

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**Blanchester Marion Township Fire District**

*Clinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

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

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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.

**Blanchester Marion Township Fire District**

*Clinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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

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

A summary of 2018 budgetary activity appears in Note 3.

**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.

**Capital Assets**

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

**Fund Balance**

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

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

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

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

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

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

**Blanchester Marion Township Fire District**

*Clinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$248,077	\$486,740	\$238,663

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$650,000	\$571,539	\$78,461

**Note 4 – Deposits and Investments**

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

Demand deposits	2018 \$418,923
Certificates of deposit	\$93,984
Total Deposit	\$512,907

**Blanchester Marion Township Fire District**

*Clinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District; or collateralized through 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.

**Note 5 – Taxes**

***Property Taxes***

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

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

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

**Note 6 – Risk Management**

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

**Blanchester Marion Township Fire District**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
2016 Rosenbauer Fire Truck	\$266,731	2.99%
2018 Tanker Truck Lease	189,395	3.98%
Total	\$456,126	

The District obtained a lease to finance the purchase of the 2016 Rosenbauer Fire Truck, in the amount of \$363,100. The lease will be paid in annual installments of \$42,788, including interest, over 10 years. The District has the option to purchase the Fire Truck on the anniversary of commencement each year of the lease.

The District obtained a lease to finance the purchase of the 2018 Tank Truck Lease, in the amount of \$189,395. The lease will be paid in annual installments of \$28,399, including interest, over 8 years. The District has the option to purchase the Tanker Truck on the anniversary of commencement each year of the lease.

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

	2016	
Year Ending December 31:	Rosenbauer Fire Truck Lease	2018 Tanker Truck Lease
2019	\$42,788	\$28,399
2020	\$42,788	\$28,399
2021	\$42,788	\$28,399
2022	\$42,788	\$28,399
2023	\$42,788	\$28,399
2024-2026	\$85,576	\$85,196
Total	\$299,516	\$227,191

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**Blanchester Marion Township Fire District**  
*Clinton County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes In Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2017**

	General
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$229,369
Intergovernmental	61,245
Earnings on Investments	2,390
<i>Total Cash Receipts</i>	293,004
<b>Cash Disbursements</b>	
Current Disbursements:	
Current:	
General Government	450
Public Safety	209,366
Capital Outlay	1,996
Debt Service:	
Principal Retirement	58,094
Interest and Fiscal Charges	11,850
<i>Total Cash Disbursements</i>	281,756
<i>Excess Receipts Over (Under) Disbursements</i>	11,248
<b>Other Financing Receipts (Disbursements)</b>	
Other Financing Sources	102,684
<i>Total Other Financing Receipts (Disbursements)</i>	102,684
<i>Net Change in Fund Cash Balance</i>	113,932
<i>Fund Cash Balances, January 1</i>	483,774
<b>Fund Cash Balances, December 31</b>	
Assigned	401,923
Unassigned (Deficit)	195,783
<i>Fund Cash Balances, December 31</i>	\$597,706

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

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**Blanchester Marion Township Fire District**

*Clinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

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

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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.

## Blanchester Marion Township Fire District

Clinton County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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

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

A summary of 2017 budgetary activity appears in Note 3.

### **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.

### **Capital Assets**

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

### **Fund Balance**

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

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

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

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

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

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

**Blanchester Marion Township Fire District**

*Clinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2017*

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$247,192	\$395,688	\$148,496

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$650,000	\$281,756	\$368,244

**Note 4 – Deposits and Investments**

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

	2017
Demand deposits	\$505,259
Certificates of deposit	\$92,447
Total Deposit	\$597,706

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District; or collateralized through 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.

**Blanchester Marion Township Fire District**

*Clinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2017*

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**Note 5 – Taxes**

***Property Taxes***

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

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

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

**Note 6 – Risk Management**

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2017.

**Blanchester Marion Township Fire District**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 – Debt**

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
2014 Air Packs	\$26,190	4%
2016 Rosenbauer Fire Truck	300,547	2.99%
Total	\$326,737	

The District obtained a lease to finance the purchase of the 2014 Air Packs, in the amount of \$99,300. The lease will be paid in annual installments of \$27,157, including interest, over four years. The District has the option to purchase the Air Packs on the anniversary of commencement each year of the lease.

The District obtained a lease to finance the purchase of the 2016 Rosenbauer Fire Truck, in the amount of \$363,100. The lease will be paid in annual installments of \$42,788, including interest, over 10 years. The District has the option to purchase the Fire Truck on the anniversary of commencement each year of the lease.

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

		2016
Year Ending December 31:	2014 Air Pack Lease	Rosenbauer Fire Truck Lease
2018	\$27,157	\$42,788
2019		\$42,788
2020		\$42,788
2021		\$42,788
2022		\$42,788
2023-2025		128,364
Total	\$27,157	\$342,304

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# OHIO AUDITOR OF STATE KEITH FABER



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

Blanchester Marion Township Fire District  
PO Box 139  
Blanchester, Ohio 45107

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of Blanchester Marion Township Fire District, Clinton County (the District) as of and for the years end December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 4, 2019, 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. 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 2018-001 to be a material weakness.

***Compliance and Other Matters***

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

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 4, 2019



**BLANCHESTER MARION TOWNSHIP FIRE DISTRICT  
CLINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 and 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-001**

**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.

The District lacked controls to ensure that transactions were posted accurately. We identified the following posting errors:

<b>2018</b>					
<b>Transaction as Posted (incorrect)</b>			<b>Correct Transaction Posting</b>		
<b>Fund</b>	<b>Account</b>	<b>Amount</b>	<b>Fund</b>	<b>Account</b>	<b>Amount</b>
General Fund	Taxes	\$55,148	General Fund	Intergovernmental	\$55,148
The District incorrectly recorded Homestead, Rollback and CAT Tax as taxes and should have recorded the revenue as Intergovernmental.					
General Fund	Not Posted		General Fund	Capital Outlay	\$189,395
				Other Debt Proceeds	\$189,395
The District leased a new tanker truck and did not record the cash receipt resulting from the proceeds and a cash disbursement for the purchase of the equipment in the UAN system.					
General Fund	Unassigned Fund Balance	\$403,900	General Fund	Assigned Fund Balance	\$403,900
The District did not record future appropriations per Governmental Accounting Standards Board (GASB) 54 correctly, which resulted in the above reclassification.					

<b>2017</b>					
<b>Transaction as Posted (incorrect)</b>			<b>Correct Transaction Posting</b>		
<b>Fund</b>	<b>Account</b>	<b>Amount</b>	<b>Fund</b>	<b>Account</b>	<b>Amount</b>
General Fund	Taxes	\$61,245	General Fund	Intergovernmental	\$61,245
The District incorrectly recorded Homestead, Rollback and CAT Tax as taxes and should have recorded the revenue as Intergovernmental.					
General Fund	Unassigned Fund Balance	\$401,923	General Fund	Assigned Fund Balance	\$401,923
The District did not record future appropriations per Governmental Accounting Standards Board (GASB) 54 correctly, which resulted in the above reclassification.					

Failure to accurately post and report receipt and expenditure transactions could result in material errors in the District's financial statements and reduces the ability of the Board to monitor financial activity and to make sound decisions which affect the overall, available cash position of the District.

**FINDING NUMBER 2018-001  
(Continued)**

The District has corrected the financial statements to address these posting errors.

We recommend the District review the chart of accounts to assure that items are being posted to the proper account codes and funds.

**Officials' Response:**

The District Officials did not respond to the finding above.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**BLANCHESTER MARION TOWNSHIP FIRE DISTRICT**

**CLINTON 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  
APRIL 23, 2019**