



Dave Yost • Auditor of State

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Central Fire District
Wayne County
232 N. Summit St.
P.O. Box 388
Smithville, Ohio 44677

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Fire District, Wayne County, Ohio (the District), as of and for the year ended December 31, 2012, 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 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, each major fund, and the aggregate remaining fund information of the Central Fire District, Wayne County, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Squad Run Funds 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, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

October 17, 2014

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**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

This discussion and analysis of the Central Fire District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2012, within the limitations of the District's cash-basis accounting. Readers should also review the basic financial statements to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2012 are as follows:

Net position of governmental activities decreased \$113,858, or 22.3 percent. All funds experienced a decrease in balance—the General Fund by \$7,713, the Squad Fund by \$61,349 due to the completion and purchase of the body for the new squad, and the Capital Projects Fund by \$44,796. Central Fire District went out to bid in the fall of 2011 for the construction of an additional bay and the renovation of an existing bay, meeting and day rooms. Construction on the Addition/Renovation project actually began in November, 2011 but the bulk of the work and the expenses were completed during 2012. Total costs incurred in 2012 for the project were \$564,274 with the District funding \$164,804 (or 29.2%) of the 2012 costs and the balance provided by a 10-year note secured by two vehicles through First National Bank.

The District's general receipts are primarily property taxes. These receipts represent 71.84 percent of the total cash received for governmental activities during the year (exclusive of the addition/renovation note proceeds). Property tax receipts for 2012 increased very nominally. The District soft bills for all EMS transports, and in 2012, the District showed an increase of \$3,490 (3.5%) over 2011 receipts for billing. Billing tends to correlate directly with EMS calls which remained relatively stable from 2011 to 2012 (399 in 2011 and 396 in 2012).

Central Fire District saw minimal increases in electric charges at both stations, salaries and benefits, auditing services, fuel, and contracted services, but much more significant increases in property services for Station 1, operating supplies, and debt repayment and interest, mostly attributable to expenses incurred with the addition/renovation project. Overall, expenses increased 99% over 2011, but exclusive of the capital expenditures for the building project and the ambulance purchase, and of the debt/interest repayment, the General Fund experienced a 3.5% increase in expenses for the year over 2011.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of Central Fire District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting Central Fire District as a Whole

Central Fire District was formed in 2001, as a fire and EMS unit providing services to Greene Township, Wayne Township, and the Village of Smithville. Its governing body is a Board of Trustees composed of an appointed Trustee from each of the three participating entities that comprise the District. Central Fire District employs 1 full-time EMT/Firefighter, 2 full-time Paramedic/Firefighters, several part-time EMT/Firefighters, 1 part-time Fiscal Officer, and at the end of 2012, has a roster of 35 volunteers. Central Fire District's major source of funding is a continuing property tax levy. Other revenue sources in 2012 include grants, donations, interest income, billings for EMS transport services provided by the District, and most significantly, proceeds from a 10-year note procured for the Addition/Renovation project.

The Statement of Net Position and the Statement of Activities reflect how Central Fire District did financially during 2012, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental activities of the District at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's services. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, one can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's health is improving or deteriorating. When evaluating the District's financial condition, one should also consider other non-financial factors as well, such as the District's property tax base, the condition of the District's capital assets, the extent of the District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property taxes. In addition, the county, the state, and the country as a whole are experiencing many challenges due to the continuing economic slump.

In the Statement of Net Position and the Statement of Activities, the accounting system divides the District's activities into two types of activities:

Governmental activities. The District's basic services are reported here, including fire and EMS, and those administrative services supporting fire protection and EMS for the residents of the District. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities. The District has no business-type activities.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

Reporting Central Fire District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of Central Fire District under the Uniform Accounting Network accounting system are split into three categories: governmental, proprietary and fiduciary. Central Fire District does not have any proprietary or fiduciary funds.

Governmental Funds - All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. Central Fire District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund, the Squad Savings Fund, and the Capital Projects Fund.

Central Fire District as a Whole

Table 1 provides a summary of the District's net position for 2012 compared to 2011 on a cash basis:

(Table 1)

Net Position

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Assets		
Cash and Cash Equivalents	\$ 397,097	\$ 510,955
Total Assets	<u>397,097</u>	<u>510,955</u>
Net Position		
Restricted for:		
Capital Outlay	-	52,478
Other Purposes	56,412	117,761
Unrestricted	<u>340,685</u>	<u>340,716</u>
Total Net Position	<u>\$ 397,097</u>	<u>\$ 510,955</u>

As mentioned previously, net position of governmental activities decreased \$113,858 or 22.3 percent during 2012. The primary reason contributing to the decrease in cash balances are as follows:

- In 2012, Central Fire District experienced significantly increased expenses due to the purchase of new ambulance,
- The bulk of the Addition/Renovation project at Station 1 was completed in 2012.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

Table 2 reflects the changes in net position on a cash basis in 2012 and 2011 for governmental activities and total primary government.

(Table 2)
Changes in Net Position

	Governmental Activities	
	2012	2011
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 103,002	\$ 99,512
Capital Grants and Contributions	-	2,000
Total Program Receipts	103,002	101,512
General Receipts:		
Property and Other Local Taxes	476,515	476,180
Grants and Entitlements Not Restricted to Specific Programs	75,963	77,440
Debt Proceeds	399,470	-
Sale of Assets	6,501	-
Interest	359	1,704
Miscellaneous	905	5,290
Total General Receipts	959,713	560,614
Total Receipts	1,062,715	662,126
Disbursements:		
General Government	63,111	120,076
Security of Persons and Property:	403,817	392,561
Capital Outlay	679,659	52,716
Debt Service	29,986	-
Total Disbursements	1,176,573	565,353
Increase (Decrease) in Net Position	(113,858)	96,773
Net Position, January 1	510,955	414,182
Net Position, December 31	\$ 397,097	\$ 510,955

In 2012, program receipts represented 15.5 percent of total receipts, excluding debt proceeds. In 2011, program receipts represent 15.3 percent of all receipts.

General receipts represent 84.5 and 84.7 percent of the District's total receipts in 2012 (exclusive of debt proceeds) and 2011 respectively, and of this amount, 85.1 percent in 2012 and 84.9 percent in 2011 are local taxes. State grants and entitlements make up the majority of the balance of the District's general receipts (14 percent in both 2012 and 2011). Other receipts are less significant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the District. These include the payroll of trustees and fiscal officer, legal services, and property and liability insurance. Due to the addition/renovation project, capital outlay disbursements are 1,189 percent higher than in 2011.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

Security of Persons and Property are the costs of EMS and fire protection, and include payroll, training costs, property and equipment maintenance and utilities, and contracts with other entities for services. Security of Persons and Property shows an increase of \$11,118 or 2.8 percent, over 2011 disbursements. This is reflected as an increase in salaries and benefits (about \$1,500), an increase in fuel (\$1,800), an increase in contracted services (\$3,500) an increase in operational supplies (\$2,800), an increase in training costs (\$2,300), and an increase in property services (\$8,400), but is offset by a decrease in protective gear (\$9,500).

Governmental Activities

If one looks at the Statement of Activities on page 12, one will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is for Public Safety, which accounts for 34.3 percent of all governmental disbursements in 2012. General Government represents about 5.3 percent. In 2012, Capital Outlay accounted for 57.8 percent of all governmental disbursements, with the balance of disbursements (about 2.6%) going to debt service. The next column of the Statement, entitled Program Cash Receipts, identify amounts paid by people who are directly charged for the services provided by Central Fire District. The Net Receipt (Disbursement) column compares the Program Receipts to the cost of the service. All costs are combined and presented in Table 3. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the Total Cost of Services and the Net Cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
General Government	\$ 63,111	\$ 63,111	\$ 120,076	\$ 120,076
Security of Persons and Property	403,817	300,815	392,561	291,187
Capital Outlay	679,659	679,659	52,716	52,716
Principal Retirement	20,304	20,304	-	-
Interest and Fiscal Charges	9,682	9,682	-	-
Total Expenses	\$ 1,176,573	\$ 1,073,571	\$ 565,353	\$ 463,979

The dependence upon property tax receipts is apparent as over 91 percent of governmental activities are supported through these general receipts.

The District's Funds

Total governmental funds had receipts and other financing sources of \$1,191,715 and disbursements and other financing uses of \$1,305,573. The General Fund showed a decrease of \$7,713 primarily as the result of tightening tax revenues, increased transfers to the Capital Projects Fund, and increased debt service. The Special Revenue Fund shows a decrease of \$61,349 which reflects the planned payment for the completion of the squad purchase. Central Fire District's vehicle maintenance costs have remained fairly static, as the vehicle fleet has been kept in good condition. Increased staffing plans, unstable fuel costs, and the potential for increase in call volume as the population ages, requires caution and controlled spending as the District continues to grow in services, and expands the operations out of Station 2. The addition of debt service to the District's expenditures will require caution in regard to further near-term capital projects.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

General Fund Budgeting Highlights

Central Fire District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2012, the District amended its General Fund budget several times to reflect changing circumstances.

Final budgeted receipts were \$519,293 while actual receipts were \$553,734 and final budgeted disbursements were \$614,928 while actual disbursements were \$572,103, which reflects greater than budgeted receipts, and lower than budgeted expenditures; but still illustrates the need for prudent financial planning as spending is nearing or more than anticipated receipts.

Capital Assets and Debt Administration

Capital Assets

Central Fire District does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2012, the District's outstanding debt included \$379,166 in a note procured for the Addition/Renovation project to Station 1.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The District relies heavily on local taxes and has very little industry to support the tax base. The elimination by the State of Ohio of the Tangible Personal Property Tax has had a \$25,000 negative impact on the resources available to the District. While the District is supported by a continuing property tax levy, shrinking property values require diligence in control of expenses and continual forward trending in order to prepare the District for further decreases to its revenues. The District has been fortunate to have carry-over to rely heavily on for some very timely projects, but with steadily increasing expenses and shrinking revenue, that "safety net" is diminishing. Central Fire District is continuously in the process of long-range planning in order to continue to provide quality services to its residents without compromising its commitment to upgrade and improve its equipment and facilities and to continually improve the service provided with continuing education and training of its personnel.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Nancy L. Kauffman, Fiscal Officer, Central Fire District, 232 N. Summit Street, PO Box 338, Smithville, Ohio, 44677.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 397,097
<i>Total Assets</i>	<u>397,097</u>
Net Position	
Restricted for:	
Other Purposes	56,412
Unrestricted	<u>340,685</u>
<i>Total Net Position</i>	<u>\$ 397,097</u>

See accompanying notes to the basic financial statements

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities			
Current:			
General Government	\$ 63,111	\$ -	\$ (63,111)
Public Safety	403,817	103,002	(300,815)
Capital Outlay	679,659	-	(679,659)
Debt Service:			
Principal Retirement	20,304	-	(20,304)
Interest and Fiscal Charges	9,682	-	(9,682)
<i>Total Governmental Activities</i>	<u>\$ 1,176,573</u>	<u>\$ 103,002</u>	<u>(1,073,571)</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes			476,515
Grants and Entitlements not Restricted to Specific Programs			75,963
Other Debt Proceeds			399,470
Sale of Assets			6,501
Earnings on Investments			359
Miscellaneous			905
Total General Receipts			<u>959,713</u>
<i>Change in Net Position</i>			(113,858)
<i>Net Position Beginning of Year</i>			<u>510,955</u>
<i>Net Position End of Year</i>			<u>\$ 397,097</u>

See accompanying notes to the basic financial statements

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	<u>General</u>	<u>Squad Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 333,002	\$ 56,412	\$ 7,683	\$ -	\$ 397,097
<i>Total Assets</i>	<u>333,002</u>	<u>56,412</u>	<u>7,683</u>	<u>-</u>	<u>397,097</u>
Fund Balances					
Restricted	-	56,412	-	-	56,412
Committed	-	-	7,683	-	7,683
Assigned	10,529	-	-	-	10,529
Unassigned	322,473	-	-	-	322,473
<i>Total Fund Balances</i>	<u>\$ 333,002</u>	<u>\$ 56,412</u>	<u>\$ 7,683</u>	<u>\$ -</u>	<u>\$ 397,097</u>

See accompanying notes to the basic financial statements

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Squad Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 476,515	\$ -	\$ -	\$ -	\$ 476,515
Charges for Services	-	103,002	-	-	103,002
Intergovernmental	71,463	-	-	4,500	75,963
Earnings on Investments	351	-	8	-	359
Miscellaneous	905	-	-	-	905
<i>Total Receipts</i>	<u>549,234</u>	<u>103,002</u>	<u>8</u>	<u>4,500</u>	<u>656,744</u>
Disbursements					
Current:					
General Government	63,111	-	-	-	63,111
Public Safety	343,850	59,967	-	-	403,817
Capital Outlay	-	110,885	564,274	4,500	679,659
Debt Service:					
Principal Retirement	20,304	-	-	-	20,304
Interest and Fiscal Charges	9,682	-	-	-	9,682
<i>Total Disbursements</i>	<u>436,947</u>	<u>170,852</u>	<u>564,274</u>	<u>4,500</u>	<u>1,176,573</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>112,287</u>	<u>(67,850)</u>	<u>(564,266)</u>	<u>-</u>	<u>(519,829)</u>
Other Financing Sources (Uses)					
Sale of Bonds	-	-	399,470	-	399,470
Sale of Assets	-	6,501	-	-	6,501
Transfers In	-	-	120,000	-	120,000
Transfers Out	(120,000)	-	-	-	(120,000)
Advances In	4,500	-	-	4,500	9,000
Advances Out	(4,500)	-	-	(4,500)	(9,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(120,000)</u>	<u>6,501</u>	<u>519,470</u>	<u>-</u>	<u>405,971</u>
<i>Net Change in Fund Balances</i>	<u>(7,713)</u>	<u>(61,349)</u>	<u>(44,796)</u>	<u>-</u>	<u>(113,858)</u>
<i>Fund Balances Beginning of Year</i>	<u>340,715</u>	<u>117,761</u>	<u>52,479</u>	<u>-</u>	<u>510,955</u>
<i>Fund Balances End of Year</i>	<u>\$ 333,002</u>	<u>\$ 56,412</u>	<u>\$ 7,683</u>	<u>\$ -</u>	<u>\$ 397,097</u>

See accompanying notes to the basic financial statements

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 446,200	\$ 446,200	\$ 476,515	\$ 30,315
Charges for Services	2,593	2,593	-	(2,593)
Intergovernmental	65,000	65,000	71,463	6,463
Earnings on Investments	500	500	351	(149)
Miscellaneous	500	500	905	405
<i>Total Receipts</i>	<u>514,793</u>	<u>514,793</u>	<u>549,234</u>	<u>34,441</u>
Disbursements				
Current:				
General Government	69,752	67,015	63,111	3,904
Public Safety	395,676	393,413	354,506	38,907
Debt Service:				
Principal Retirement	16,000	20,305	20,304	1
Interest and Fiscal Charges	9,000	9,695	9,682	13
<i>Total Disbursements</i>	<u>490,428</u>	<u>490,428</u>	<u>447,603</u>	<u>42,825</u>
<i>Excess of Receipts Over Disbursements</i>	<u>24,365</u>	<u>24,365</u>	<u>101,631</u>	<u>77,266</u>
Other Financing Sources (Uses)				
Transfers Out	(85,000)	(120,000)	(120,000)	-
Advances In	-	4,500	4,500	-
Advances Out	-	(4,500)	(4,500)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(85,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(60,635)	(95,635)	(18,369)	77,266
<i>Unencumbered Fund Balance Beginning of Year</i>	334,217	334,217	334,217	-
Prior Year Encumbrances Appropriated	6,498	6,498	6,498	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 280,080</u>	<u>\$ 245,080</u>	<u>\$ 322,346</u>	<u>\$ 77,266</u>

See accompanying notes to the basic financial statements

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SQUAD FUND
FFOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$ 102,407	\$ 102,407	\$ 103,002	\$ 595
<i>Total Receipts</i>	102,407	102,407	103,002	595
Disbursements				
Current:				
Public Safety	60,407	60,407	59,967	440
Capital Outlay	107,810	112,810	110,885	1,925
<i>Total Disbursements</i>	168,217	173,217	170,852	2,365
<i>Excess of Receipts Under Disbursements</i>	(65,810)	(70,810)	(67,850)	2,960
Other Financing Sources (Uses)				
Sale of Assets	-	-	6,501	6,501
<i>Net Change in Fund Balance</i>	(65,810)	(70,810)	(61,349)	9,461
<i>Unencumbered Fund Balance Beginning of Year</i>	9,951	9,951	9,951	-
Prior Year Encumbrances Appropriated	107,810	107,810	107,810	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 51,951</u>	<u>\$ 46,951</u>	<u>\$ 56,412</u>	<u>\$ 9,461</u>

See accompanying notes to the basic financial statements

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 1 – Reporting Entity

Central Fire District, Wayne County, Ohio (the District), is a body politic and corporate established in 2001 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 three-member Board of Trustees consisting of an appointee from each of the three participating entities: Greene Township, Wayne Township, and the Village of Smithville. The Township also has an appointed Fiscal Officer. The District provides fire and EMS services within the District and by contract to areas outside the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board; and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District does not have any component units.

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

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. Following are the more significant of the District's accounting policies.

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. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions and charges for services.

The statement of net position presents the cash 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 is self-financing on a cash basis or draws from the District's general receipts.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

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. Funds are used to segregate resources that are restricted as to use. The District funds are all classified as governmental.

Governmental Funds The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

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.

Squad The squad fund accounts for and reports charges received for EMS services and set aside for EMS operational expenses and equipment.

Capital Projects The capital projects fund accounts for and reports expenditures and receipts restricted to acquiring or constructing major capital projects. In 2012 this fund experienced a higher than usual volume of activity as the District completed an Addition/Renovation project at Station 1.

The other governmental funds of the District account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

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.

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 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.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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 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 ordinance 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. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2012 the District maintained a general interest bearing checking account, two money-market deposit accounts, and three savings accounts.

Interest earnings are allocated to District funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2012 was \$351 and interest receipts credited to the Capital Projects Fund was \$8.

Restricted Assets

Cash and cash equivalents 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 during the audit period.

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.

Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting, but is limited by restrictions imposed at the local level of control.

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 Note 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. Net position restricted for other purposes include resources restricted for debt service, capital projects, or grant proceeds. The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. The District did not have any net position restricted by enabling legislation.

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. It also includes the long-term amount of interfund loans.

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 Board of 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. 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.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

Interfund Transactions

Transfers between governmental funds on the government-wide financial statements are reported in the same manner as general receipts.

Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – 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 and the squad savings 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 are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$10,656 for the general fund.

Note 4 – Deposits

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.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 4 – Deposits (continued)

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. The District did not have any interim deposits.

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, \$1,500 of the District's bank balance of \$397,097 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, and public utility property located in the District. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

The full tax rate for all District operations for the year ended December 31, 2012, was \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Real Property	\$182,927,400
Public Utility Personal Property	<u>9,402,830</u>
Total	<u><u>\$192,330,230</u></u>

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

Note 6 – Debt

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
First National Bank Loan	\$379,166	4.75%

The District renovated and added a bay onto Station 1 during 2012. As security for the loan, the District assigned liens to First National Bank on two of its vehicles, Ladder 98 and Engine 97, for a period of ten years.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 6 – Debt (continued)

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

<u>Year Ending December 31</u>	<u>Note</u>
2013	\$50,484
2014	50,484
2015	50,484
2016	50,484
2017	50,484
2018-2022	<u>219,198</u>
Total	<u>\$471,618</u>

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 2013, the District contracted with VFIS for various types of insurance coverage as follows:

- Property
- Vehicles
- Crime Coverage
- Portable Equipment Coverage
- Management Liability Coverage
- General Liability/Professional Health Care Liability
- Excess Liability
- Bonds

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.

The District provides major medical, prescription, life, accidental death and dismemberment, dental and vision coverage to its full time employees, with a 20% cost share to the employee, through participation in a county employee group plan. It also provides accident and sickness insurance policies to its full-time, part-time, and volunteer employees through a private carrier.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 8 – Defined Benefit Pension Plan (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the District is 14% of covered payroll. The contribution rates are determined actuarially. The District's required contributions to OPERS for the years ended December 31, 2012, 2011 and 2010 were \$5,718, \$5,781, and \$3,869, respectively. The full amount has been contributed for 2012, 2011, and 2010.

Ohio Police and Fire Pension Fund

The District contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

Plan members are required to contribute 10% of their annual covered salary, while employers (the District) are required to contribute 24% for firefighters. The District's contributions to OP&F for the years ending December 31, 2012, 2011 and 2010 were \$46,577, \$45,593, and \$43,206, respectively. The full amount has been contributed for 2012, 2011 and 2010.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the Ohio Police and Fire Pension Fund use Social Security. The District's liability is 6.2% of wages paid.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – 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 maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 9 - Postemployment Benefits (continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained 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 post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4%. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$1,311, \$1,325, and \$887, respectively; 100 percent has been contributed for 2012, 2011 and 2010.

Ohio Police and Fire Pension Fund

Plan Description – The District contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 9 - Postemployment Benefits (continued)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24% of covered payroll for fire employers. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$9,239 for the year ended December 31, 2012, \$9,043 for the year ended December 31, 2011, and \$8,570 for the year ended December 31, 2010. The full amount has been contributed for 2012, 2011 and 2010.

Note 10 – Interfund Transfers

During 2012, the General Fund transferred \$120,000 to the Capital Projects fund to provide additional resources for the Addition/Renovation Project. Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11 – Change in Accounting Principles

For 2012, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements" and Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the District's financial statements.

GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the District's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 12 – Fund Balances

Fund balance is classified as restricted, 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 major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Squad Fund	Capital Projects Fund	Other Governmental Funds	Total
Restricted for					
Emergency Medical Services	\$ -	\$ 56,412	\$ -	\$ -	\$ 56,412
Capital Projects	-	-	7,683	-	7,683
<i>Total Restricted</i>	<u>-</u>	<u>56,412</u>	<u>7,683</u>	<u>-</u>	<u>64,095</u>
Assigned to					
Station Building and Equipment Maintenance	150	-	-	-	150
Fire and EMS Equipment and Supplies	9,041	-	-	-	9,041
Fire and EMS training	1,338	-	-	-	1,338
<i>Total Assigned</i>	<u>10,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,529</u>
Unassigned	<u>322,473</u>				<u>322,473</u>
<i>Total Fund Balances</i>	<u>\$ 333,002</u>	<u>\$ 56,412</u>	<u>\$ 7,683</u>	<u>\$ -</u>	<u>\$ 397,097</u>

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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*

Central Fire District
Wayne County
232 N. Summit St.
P.O. Box 388
Smithville, Ohio 44677

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, each major fund, and the aggregate remaining fund information of the Central Fire District, Wayne County, (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 17, 2014.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2012-001 described in the accompanying schedule of findings 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 2012-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State
Columbus, Ohio

October 17, 2014

**CENTRAL FIRE DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2012-001

Material Weakness/Noncompliance – EMS Charges for Services

Ohio Rev. Code § 505.371(C)(1) indicates the board of fire district trustees may establish reasonable charges for the use of ambulance or emergency medical services. **Ohio Rev. Code § 505.371(C)(3)** further indicates charges collected under division (C) of this section shall be kept in a separate fund designated as the ambulance and emergency medical services fund and shall be appropriated and administered by the board. The fund shall be used for the payment of the costs of the management, maintenance, and operation of ambulance and emergency medical services in the District.

During 2012, \$57,407 of EMS receipts were recorded in the General Fund and \$45,595 were recorded in the Squad Fund. Without recording all of the EMS charges for services receipts in a separate special revenue fund, it would be possible to use the funds for purposes other than covering costs to provide the EMS services.

Adjustments were made to the financial statements and accounting records to remove the EMS charges for services and related disbursements from the General Fund and place them in the Squad Fund special revenue fund.

We recommend the Fire District post all EMS receipts in a separate special revenue fund as required by ORC 505.371(C).

Officials' Response: Central Fire District has reviewed this finding and has taken action to adjust procedures to be compliant with audit recommendations.

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Dave Yost • Auditor of State

CENTRAL FIRE DISTRICT

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 2, 2014**