

***PORTER-KINGSTON JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012





Dave Yost • Auditor of State

Board of Trustees
Porter-Kingston Joint Fire District
12844 Olive Green Road
Sunbury, Ohio 43074

We have reviewed the *Independent Auditor's Report* of the Porter-Kingston Joint Fire District, Delaware County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

September 22, 2014

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PORTER-KINGSTON JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2013 and 2012

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Porter-Kingston Joint Fire District
Delaware County
12844 Olive Green Road
Sunbury, Ohio 43074

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles


In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Porter Kingston Joint Fire District as of December 31, 2013 and 2012, or changes in financial position 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 combined cash balances of the Porter Kingston Joint Fire District, Delaware County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 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.



Charles E. Harris & Associates, Inc.

August 11, 2014

**PORTER-KINGSTON JOINT FIRE DISTRICT
 DELAWARE COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2013**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
Receipts:			
Property Taxes	\$ 429,400	\$ -	\$ 429,400
Intergovernmental	68,152	-	68,152
Other	50,479	-	50,479
Total Receipts	548,031	-	548,031
Disbursements:			
Current:			
General Government	251,890	-	251,890
Public Safety	189,197	-	189,197
Debt Service:			
Principal Retirement	19,542	-	19,542
Interest	2,075	-	2,075
Total Disbursements	462,704	-	462,704
Total Receipts Over/(Under) Disbursements	85,327	-	85,327
Fund Cash Balance, January 1, 2013	365,652	1,800	367,452
Restricted	-	1,800	1,800
Unassigned	450,979	-	450,979
Fund Cash Balance, December 31, 2013	\$ 450,979	\$ 1,800	\$ 452,779

See Accompanying Notes to the Financial Statements.

**PORTER-KINGSTON JOINT FIRE DISTRICT
 DELAWARE COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2012**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
Receipts:			
Property Taxes	\$ 423,415	\$ -	\$ 423,415
Intergovernmental	68,728	-	68,728
Interest	19	-	19
Other	729	-	729
	<hr/>	<hr/>	<hr/>
Total Receipts	492,891	-	492,891
Disbursements:			
Current:			
General Government	241,595	-	241,595
Public Safety	235,161	-	235,161
Debt Service:			
Principal Retirement	18,936	-	18,936
Interest	2,681	-	2,681
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Total Disbursements	498,373	-	498,373
Total Receipts Over/(Under) Disbursements	(5,482)	-	(5,482)
Fund Cash Balance, January 1, 2012	371,134	1,800	372,934
	<hr/>	<hr/>	<hr/>
Restricted	-	1,800	1,800
Unassigned	365,652	-	365,652
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Fund Cash Balance, December 31, 2012	\$ 365,652	\$ 1,800	\$ 367,452
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See Accompanying Notes to the Financial Statements.

PORTER-KINGSTON JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Porter Kingston Joint Fire District, Delaware County, Ohio (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. The Board consists of one board member that is appointed by each political subdivision within the District, one resident to be appointed by each political subdivision within the District, and one board member selected by the Porter Kingston Firefighters Association. Those subdivisions within the District are Porter Township and Kingston Township. The District provides fire protection and rescue services within the District.

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

B. BASIS OF ACCOUNTING

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

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**PORTER-KINGSTON JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. FUND ACCOUNTING

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

Governmental Fund Types:

General Fund: The general fund reports all financial resources except those required by law or contract to be accounted for in another fund.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Appropriations

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

2. Estimated Resources

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

**PORTER-KINGSTON JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS – (Continued)

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 4.

F. FUND BALANCE

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

1. **Nonspendable**

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

2. **Restricted**

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

3. **Committed**

The Trustees can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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.

PORTER-KINGSTON JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. FUND BALANCE – (Continued)

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict 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 the District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

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

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

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**PORTER-KINGSTON JOINT FIRE DISTRICT
 DELAWARE COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2013 and 2012**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2013</u>	<u>2012</u>
Demand Deposits	\$452,779	\$367,452
Total Deposits	<u>\$452,779</u>	<u>\$367,452</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the District, or (3) collateralized by the financial institution’s public entity deposit pool.

3. PROPERTY TAXES

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

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

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

**PORTER-KINGSTON JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

4. BUDGETARY ACTIVITY

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

<u>Fund:</u>	<u>2013 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 490,525	\$ 548,031	\$ 57,506
Debt Service	-	-	-

<u>Fund:</u>	<u>2013 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 490,550	\$ 462,704	\$ 27,486
Debt Service	-	-	-

<u>Fund:</u>	<u>2012 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 542,970	\$ 492,891	\$ (50,079)
Debt Service	-	-	-

<u>Fund:</u>	<u>2012 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 530,350	\$ 498,373	\$ 31,977
Debt Service	-	-	-

5. RETIREMENT SYSTEMS

The District's certified fire fighters belong to the Ohio Police & Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are state operated, cost sharing, multiple employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

From Jan. 1, 2012 through June 30, 2013, OP&F plan members were required to contribute 10.00% of their annual covered wages. From July 1, 2013 through Dec. 31, 2013, OP&F plan members were required to contribute 10.75% of their annual covered wages. For 2012 and 2013, OPERS plan members were required to contribute 10.00% of their annual covered wages. Throughout 2012 and 2013, the District contributed 24% and 14% of participants' annual covered wages for OP&F and OPERS, respectively.

**PORTER-KINGSTON JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

6. RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

For the years ended December 31, 2012 and 2013, the District obtained commercial insurance for the following risks.

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years and there was no significant reduction in coverage from the prior fiscal years.

7. DEBT

Debt outstanding at December 31, 2013 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Equipment Purchase	<u>\$51,596</u>	3.090%
Total	<u><u>\$51,596</u></u>	

The District acquired a reconditioned 2002 KME Rescue truck utilizing a renewable lease purchase agreement between Ohio Township Association Leasing, LLC. and the Board.

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

<u>Year</u> <u>Ended</u>	<u>Note</u>
2014	\$ 21,618
2015	21,618
2016	10,809
Total	<u><u>\$ 54,045</u></u>

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Porter-Kingston Joint Fire District
Delaware County
12844 Olive Green Road
Sunbury, Ohio 43074

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 Porter-Kingston Joint Fire District, Delaware County (the District), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 11, 2014, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Controls Over Financial Reporting

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

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

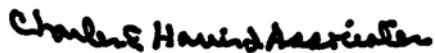
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
August 11, 2014

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Dave Yost • Auditor of State

PORTER-KINGSTON JOINT FIRE DISTRICT

DELAWARE 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
OCTOBER 2, 2014**