



**CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com



Dave Yost • Auditor of State

Board of Trustees
Clinton-Warren Joint Fire & Rescue District
82 Springhill Road
Clarksville, OH 45113

We have reviewed the *Independent Auditor's Report* of the Clinton-Warren Joint Fire & Rescue District, Clinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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 Clinton-Warren Joint Fire & Rescue District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 8, 2018

This page intentionally left blank.

CLINTON – WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2017	3
Notes to the Financial Statements For the Year Ended December 31, 2017	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2016	10
Notes to the Financial Statements For the Year Ended December 31, 2016	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Audit Findings	19

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

September 28, 2018

Clinton-Warren Joint Fire & Rescue District
Clinton County
82 Springhill Road
Clarksville, OH 45113

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Clinton-Warren Joint Fire & Rescue District**, Clinton County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016.

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.

www.perrycpas.com

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type of Clinton-Warren Joint Fire & Rescue District, Clinton County as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

CLINTON - WARREN JOINT FIRE & RESCUE DISTRICT

Clinton County

Combined Statement of Receipts, Disbursements and

Changes In Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 377,334	\$ -	\$ 377,334
Charges for Services	3,850	145,054	148,904
Intergovernmental	58,445	421,398	479,843
Grant Revenue	180,000	-	180,000
Donations/Fundraising	10,227	-	10,227
Miscellaneous	1,017	1,100	2,117
<i>Total Cash Receipts</i>	<u>630,873</u>	<u>567,552</u>	<u>1,198,425</u>
Cash Disbursements			
Current Disbursements:			
Security of Persons and Property:			
Salaries	70,596	121,023	191,619
Fringe Benefits	2,027	2,602	4,629
Materials and Supplies	45,819	16,701	62,520
Equipment	192,110	418,053	610,163
Other	84,122	13,798	97,920
Debt Service:			
Principal Retirement	113,543	-	113,543
Interest and Fiscal Charges	62,368	-	62,368
<i>Total Cash Disbursements</i>	<u>570,585</u>	<u>572,177</u>	<u>1,142,762</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>60,288</u>	<u>(4,625)</u>	<u>55,663</u>
Other Financing Receipts			
Sale of Capitals Assets	26,001	-	26,001
Proceeds of Debt	980,950	-	980,950
Other Financing Sources	1,009	-	1,009
<i>Total Other Financing Receipts</i>	<u>1,007,960</u>	<u>-</u>	<u>1,007,960</u>
<i>Net Change in Fund Cash Balance</i>	1,068,248	(4,625)	1,063,623
<i>Fund Cash Balances, January 1</i>	<u>574,536</u>	<u>20,584</u>	<u>595,120</u>
Fund Cash Balances, December 31			
Restricted	-	15,959	15,959
Assigned	1,312,816	-	1,312,816
Unassigned	329,968	-	329,968
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,642,784</u>	<u>\$ 15,959</u>	<u>\$ 1,658,743</u>

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

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT

CLINTON COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Clinton-Warren Joint Fire and Rescue District, Clinton County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. The Board consists of one member from each of the political subdivisions within the District. Those subdivisions are the Village of Clarksville; Vernon Township, Clinton County; Adams Township, Clinton County; and Washington Township, Warren County. Each year, a member-at-large is appointed by one political subdivision within the District. The authority to appoint the member-at-large is rotated annually between the political subdivisions within the District. 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

EMS & Fire Billing Fund This fund accounts for the EMS & Fire billing and service contract activity.

Training Tower Fund This fund accounts for monies received to construct a fire training tower.

Basis of Accounting

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

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

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The District held certificates of deposit and maintained a checking account. The District had no investments.

Fund Balance

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

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

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

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

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

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

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

Note 3 – Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,638,321	\$ 1,638,833	\$ 512
Special Revenue	997,000	567,552	(429,448)
Total	\$ 2,635,321	\$ 2,206,385	\$ (428,936)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,263,961	\$ 1,883,400	\$ 380,561
Special Revenue	1,028,438	943,334	85,104
Total	\$ 3,292,399	\$ 2,826,734	\$ 465,665

Note 4 – Deposits and Investments

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

	2017
Demand Deposits	\$ 1,658,743
Total deposits	\$ 1,658,743

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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

Note 6 - Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Accident and sickness; and
- Errors and Omissions.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Some of the District's employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for OPERS members in the Traditional Pension Plan was 1.0 percent during calendar year 2017.

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Building	\$ 1,913,950	3.50%
2014 Tanker	158,472	3.79%
2016 Pumper/Tanker	263,427	2.83%
Total	<u>\$ 2,335,849</u>	

The District entered into a Renewable Lease-Purchase agreement for the construction and use of a new fire station. The agreement was dated October 1, 2005 and is between the District, as the lessee, and Ohio Township Association Leasing, as the initial lessor. The lessor subsequently assigned all rights, title and interest to the Bank of New York Trust Company as the trustee. The Lease-Purchase agreement and the financing by the lessor of the project is a part of a financing program utilizing Certificates of Participation, Series 2005E, which were issued simultaneously with the agreement. These obligations are issued under the authority of Chapter 505 of the Ohio Revised Code, particularly Sections 505.267 and 505.375. The total principal payments due on the Lease-Purchase agreement for the construction and use of the new fire station as of December 31, 2005 totaled \$1,245,000. Construction of the fire station was complete in 2007. The debt was refinanced in December of 2017 and the original Lease-Purchase agreement was paid off in full in January 2018.

On January 8, 2014, the District entered a lease-purchase agreement with Republic First National Corporation for the use and acquisition of a 2014 Tanker.

On September 1, 2016, the District entered a lease-purchase agreement with Republic First National Corporation for the use and acquisition of a new pumper/tanks to be delivered in 2017. There were no expenditures related to the lease-purchase agreement during 2016 and the funds are in an escrow account maintained by the Bank of Oklahoma.

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

	<u>Certificates of Participation</u>	<u>2014 Tanker</u>	<u>2016 Pumper/Tanker</u>
2018	\$ 1,023,634	\$ 30,071	\$ 33,224
2019	58,082	30,071	33,224
2020	58,176	30,071	33,224
2021	59,174	30,071	33,224
2022	60,069	30,071	33,224
2023-2027	311,611	30,071	33,224
2028-2032	333,966	-	33,224
2033-2035	213,636	-	66,448
Total	<u>\$ 2,118,348</u>	<u>\$ 180,426</u>	<u>\$ 299,016</u>

Debt Service Trust Fund

The fire station construction Lease-Purchase trust agreement required the District to establish a debt service fund to be maintained by a custodian bank. The District has established this fund. At December 31, 2017, the custodian held \$939,164 in District assets. The funds were disbursed in January 2018 to refinance the Lease-Purchase agreement.

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The government may require refunding of disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

CLINTON - WARREN JOINT FIRE & RESCUE DISTRICT

Clinton County

Combined Statement of Receipts, Disbursements and

Changes In Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 380,596	\$ -	\$ 380,596
Charges for Services	104	133,695	133,799
Intergovernmental	61,883	-	61,883
Grant Revenue	25,000	-	25,000
Donations/Fundraising	14,352	-	14,352
Miscellaneous	5,737	-	5,737
<i>Total Cash Receipts</i>	<u>487,672</u>	<u>133,695</u>	<u>621,367</u>
Cash Disbursements			
Current Disbursements:			
Security of Persons and Property:			
Salaries	49,528	112,153	161,681
Fringe Benefits	1,663	68	1,731
Materials and Supplies	53,238	15,110	68,348
Equipment	122,674	80,000	202,674
Other	39,193	15,333	54,526
Debt Service:			
Principal Retirement	85,605	-	85,605
Interest and Fiscal Charges	57,512	-	57,512
<i>Total Cash Disbursements</i>	<u>409,413</u>	<u>222,664</u>	<u>632,077</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>78,259</u>	<u>(88,969)</u>	<u>(10,710)</u>
Other Financing Receipts			
Proceeds of Debt	286,079	-	286,079
Other Financing Sources	289	-	289
<i>Total Other Financing Receipts</i>	<u>286,368</u>	<u>-</u>	<u>286,368</u>
<i>Net Change in Fund Cash Balance</i>	364,627	(88,969)	275,658
<i>Fund Cash Balances, January 1</i>	<u>209,909</u>	<u>109,553</u>	<u>319,462</u>
Fund Cash Balances, December 31			
Restricted	-	20,584	20,584
Assigned	574,536	-	574,536
<i>Fund Cash Balances, December 31</i>	<u>\$ 574,536</u>	<u>\$ 20,584</u>	<u>\$ 595,120</u>

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

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Clinton-Warren Joint Fire and Rescue District, Clinton County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. The Board consists of one member from each of the political subdivisions within the District. Those subdivisions are the Village of Clarksville; Vernon Township, Clinton County; Adams Township, Clinton County; and Washington Township, Warren County. Each year, a member-at-large is appointed by one political subdivision within the District. The authority to appoint the member-at-large is rotated annually between the political subdivisions within the District. 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

EMS & Fire Billing Fund This fund receives billing collections for services provided and is utilized to support the rescue and fire protection services provided by the District.

Basis of Accounting

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

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

Budgetary Process

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

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

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

Fund Balance

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

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

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

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

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

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

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 774,040	\$ 774,040	\$ -
Special Revenue	133,695	133,695	-
Total	\$ 907,735	\$ 907,735	\$ -

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 758,645	\$ 742,725	\$ 15,920
Special Revenue	254,170	236,652	17,518
Total	\$ 1,012,815	\$ 979,377	\$ 33,438

Note 4 – Deposits and Investments

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

	2016
Demand Deposits	\$ 595,120
Total Deposits	\$ 595,120

Deposits

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

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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

Note 6 - Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Accident and sickness; and
- Errors and Omissions.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

Social Security

Some of the District's employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for OPERS members in the Traditional Pension Plan was 2.0 percent during calendar year 2016.

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2016, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building	\$ 965,000	4.7-4.9%
2012 Squad	33,315	2.96%
2016 Pumper/Tanker	288,552	2.83%
2013 Tanker	181,575	3.79%
Total	<u>\$ 1,468,442</u>	

The District entered into a Renewable Lease-Purchase agreement for the construction and use of a new fire station. The agreement was dated October 1, 2005 and is between the District, as the lessee, and Ohio Township Association Leasing, as the initial lessor. The lessor subsequently assigned all rights, title and interest to the Bank of New York Trust Company as the trustee. The Lease-Purchase agreement and the financing by the lessor of the project is a part of a financing program utilizing Certificates of Participation, Series 2005E, which were issued simultaneously with the agreement. These obligations are issued under the authority of Chapter 505 of the Ohio Revised Code, particularly Sections 505.267 and 505.375. The total principal payments due on the Lease-Purchase agreement for the construction and use of the new fire station as of December 31, 2005 totaled \$1,245,000. Construction of the fire station was complete in 2007.

On May 31, 2012 the District entered a lease-purchase agreement, with Kansas State Bank of Manhattan. The lease-purchase agreement is for the use and acquisition of a squad truck.

On January 8, 2014, the District entered a lease-purchase agreement with Republic First National Corporation for the use and acquisition of a 2014 Tanker.

On September 1, 2016, the District entered a lease-purchase agreement with Republic First National Corporation for the use and acquisition of a new pumper/tanks to be delivered in 2017. There were no expenditures related to the lease-purchase agreement during 2016 and the funds are in an escrow account maintained by the Bank of Oklahoma.

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

	<u>Certificates of Participation</u>	<u>2012 Squad</u>	<u>2014 Tanker</u>	<u>2016 Pumper/Tanker</u>
2017	\$ 79,562	\$ 34,302	\$ 30,071	\$ 33,224
2018	80,082	-	30,071	33,224
2019	80,508	-	30,071	33,224
2020	79,844	-	30,071	33,224
2021	80,132	-	30,071	33,224
2022-2026	400,974	-	30,071	33,224
2027-2031	399,064	-	30,071	33,224
2032-2035	320,133	-	-	99,672
Total	<u>\$ 1,520,299</u>	<u>\$ 34,302</u>	<u>\$ 210,497</u>	<u>\$ 332,240</u>

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The government may require refunding of disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

September 28, 2018

Clinton-Warren Joint Fire & Rescue District
Clinton County
82 Springhill Road
Clarksville, OH 45113

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 **Clinton-Warren Joint Fire & Rescue District**, Clinton County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated September 28, 2018, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2017-001 through 2017-003 to be material weaknesses.

www.perrycpas.com

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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 matter that we must report under *Government Auditing Standards* are described in the accompanying schedule of findings as item 2017-002.

We also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 28, 2018.

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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness

Posting Disbursements and Fund Balances

The District should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54.

During 2017 and 2016, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Debt payments were not properly allocated to principal and interest in 2017;
- General Fund balance was classified as Unassigned instead of Assigned in 2017 and 2016;

Not posting disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

In addition, the Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2017-002

Material Weakness/Noncompliance

Ohio Rev. Code Section 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

The District did not remit, in a timely manner, contributions due to PERS on six of twelve occasions in 2017 and on seven of twelve occasions in 2016.

We recommend the Clerk take the care necessary to ensure PERS contributions are being remitted in the correct amount by the due date.

Management's Response – We did not receive a response from officials to this finding.

CLINTON-WARREN JOINT FIRE & RESCUE DISTRICT
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-003

Material Weakness

Notes to the Financial Statements

The required components of the financial statements will vary by entity type and basis of accounting. Regulatory Cash Basis entities are required to file financial statements and notes to the financial statements within 60 days of the fiscal year end. *GASB Codification 2300* explains that notes to the financial statements are intended to communicate information that is necessary for a fair presentation of the financial statements that is not readily apparent from, or cannot be included in, the financial statements themselves. The notes to the financial statements are an integral part of the financial statements, intended to be read with the financial statements, and are the entity's responsibility to prepare. To ensure compliance with the annual financial report filing requirements, entities should plan sufficient time and engage any necessary assistance to prepare their annual financial report.

During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures.

We recommend the District use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report.

Management's Response – We did not receive a response from officials to this finding.



Dave Yost • Auditor of State

CLINTON- WARREN JOINT FIRE AND RESCUE DISTRICT

CLINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 20, 2018**