

**JOINT FIRE DISTRICT
PLEASANT HILL – NEWTON TOWNSHIP
MIAMI COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017





88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Joint Fire District Pleasant Hill- Newton Township
PO Box 139
Pleasant Hill, Ohio 45359

We have reviewed the *Independent Auditor's Report* of the Joint Fire District Pleasant Hill-Newton Township, Miami County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 Joint Fire District Pleasant Hill- Newton Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 13, 2019

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**JOINT FIRE DISTRICT PLEASANT HILL – NEWTON TOWNSHIP
MIAMI COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2018 and 2017**

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INDEPENDENT AUDITOR'S REPORT

Joint Fire District Pleasant Hill - Newton Township
Miami County
P.O. Box 139
Pleasant Hill, Ohio 45359

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Joint Fire District Pleasant Hill - Newton Township, Miami County, (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 determined, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.
June 28, 2019

**JOINT FIRE DISTRICT PLEASANT HILL - NEWTON TOWNSHIP
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCE (REGULATORY CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General
Cash Receipts	
Property and Other Local Taxes	\$ 152,756
Grants Awarded	3,500
Services Rendered - Squad - Insurance/Individuals	40,888
Intergovernmental	12,595
Earnings on Investments	2,201
BWC Reimbursements	435
<i>Total Cash Receipts</i>	212,375
Cash Disbursements	
Current Disbursements:	
Security of Persons and Property:	
Salaries - Paid Rescue	139,608
Salaries - Volunteer, Clerk, Board Mtgs	4,987
BWC - Volunteer	1,581
Professional Services	8,904
Real Estate Collection Fees	2,305
Annual Service Contracts	6,221
Dues and Subscriptions	125
Conferences & Tradeshow	1,360
State Auditor Fees	1,603
Training	11,770
Insurance	13,706
Maintenance & Repair - Bldg/Equpt/Truck	14,420
Office + Schedule Software Annual	1,945
Operating - Vehicle Fuel, Oxygen Tanks	3,516
Association Fees	570
License	334
Supplies - Fire/Rescue	3,166
Bank Service Fees	154
Advertising - Legal Notices	1,029
Utilities	5,798
Capital Outlay - Fire / EMS	130,247
<i>Total Cash Disbursements</i>	353,349
<i>Net Change in Fund Cash Balance</i>	(140,974)
<i>Fund Cash Balance, January 1</i>	670,694
Fund Cash Balance, December 31	
Assigned	529,720
<i>Fund Cash Balance, December 31</i>	\$ 529,720

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

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Joint Fire District Pleasant Hill - Newton Township, Miami County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints one member from its board and each district board appoints another member outside the board from its district. Those subdivisions are Newton Township and Village of Pleasant Hill. Those four members then appoint a fifth at large member that may be from either district. The District provides fire protection and rescue services within the District and mutual aid to areas outside the District.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the general fund.

Fund Accounting

The District uses a fund 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 fund of the District is 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. The District’s only fund is the General Fund.

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 the general fund be budgeted annually.

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process (continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Fund Balance

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

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

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

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

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the general fund.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2018 follows.

2018 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	<u>\$163,455</u>	<u>\$212,375</u>	<u>\$48,920</u>

2018 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	<u>\$836,018</u>	<u>\$353,349</u>	<u>\$482,669</u>

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 4 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2018</u>
Demand deposits	\$154,720
Certificates of deposit	<u>\$375,000</u>
Total deposits	<u><u>\$529,720</u></u>

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 February 14th. The second half payment is due the following July 20th.

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

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

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. 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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

There have been no claims that exceeded coverages the past 3 years and there has been no reduction in limits from the prior year.

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plan

Social Security

District's part time EMS 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, 2018.

Note 8 – Contingent Liabilities

Management believes that there are no pending claims or lawsuits.

**JOINT FIRE DISTRICT PLEASANT HILL - NEWTON TOWNSHIP
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCE (REGULATORY CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General
Cash Receipts	
Property and Other Local Taxes	\$ 151,497
Grants Awarded	55,516
Services Rendered - Squad - Insurance/Individuals	31,691
Intergovernmental	12,357
Earnings on Investments	3,473
BWC Reimbursements	36
Donations	50
	254,620
 <i>Total Cash Receipts</i>	
Cash Disbursements	
Current Disbursements:	
Security of Persons and Property:	
Salaries - Paid Rescue	73,591
Salaries - Volunteer, Clerk, Board Mtgs	3,208
BWC - Volunteer	1,011
Professional Services	3,365
Real Estate Collection Fees	2,287
Annual Service Contracts	1,808
Dues and Subscriptions	85
Conferences + Tradeshow	1,015
State Auditor Fees	3,137
Insurance	13,533
Maintenance & Repair - Bldg/Equpt/Truck	39,863
Office + Schedule Software Annual	6,558
Operating - Vehicle Fuel, Oxygen Tanks	1,974
Association Fees	150
License	150
Supplies - Fire/Rescue	1,301
Utilities	5,266
Capital Outlay	96,253
	254,555
 <i>Total Cash Disbursements</i>	
 <i>Net Change in Fund Cash Balance</i>	 65
 <i>Fund Cash Balance, January 1</i>	 670,629
	670,694
Fund Cash Balance, December 31	
Assigned	670,694
	670,694
 <i>Fund Cash Balance, December 31</i>	 \$ 670,694
	670,694

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

Joint Fire District Pleasant Hill - Newton Township

Miami 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 Joint Fire District Pleasant Hill - Newton Township, Miami County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints one member from its board and each district board appoints another member outside the board from its district. Those subdivisions are Newton Township and Village of Pleasant Hill. Those four members then appoint a 5th at large member that may be from either district. The District provides fire protection and rescue services within the District and mutual aid to areas outside the District.

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

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Basis of Presentation

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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 the general fund be budgeted annually.

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process (continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Fund Balance

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

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

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

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

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the general fund.

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Note 3 – Budgetary Activity

Budgetary activity for the year ending 2017 follows.

2017 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,455	\$254,620	\$91,165

2017 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$833,178	\$152,518	\$680,660

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 4 – Deposits and Investments

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2017</u>
Demand deposits	\$295,694
Certificates of deposit	<u>\$375,000</u>
Total deposits	<u><u>\$670,694</u></u>

Deposits

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

Note 5 – Taxes

Property Taxes

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

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

There have been no claims that exceeded coverages the past 3 years and there has been no reduction in limits from the prior year.

Joint Fire District Pleasant Hill - Newton Township

Miami County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 7 – Defined Benefit Pension Plan

Social Security

District's part time EMS 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 – Contingent Liabilities

Management believes that there are no pending claims or lawsuits.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Joint Fire District Pleasant Hill – Newton Township
Miami County
P.O. Box 139
Pleasant Hill, Ohio 45359

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements of the Joint Fire District Pleasant Hill – Newton Township, Miami County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2019, wherein we noted that 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

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. *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 deficiencies in control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Audit Findings that we consider to be a material weakness. We consider finding 2018-001 to be a material weakness.

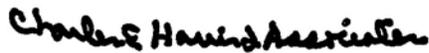
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2018-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District’s management in a separate letter dated June 28, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental 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.
June 28, 2019

JOINT FIRE DISTRICT PLEASANT HILL-NEWTON TOWNSHIP
MIAMI COUNTY

Schedule of Audit Findings
December 31, 2018 and 2017

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

Finding Number 2018-001 – Material Weakness

Audit Adjustments and Reclassifications

The District's records are maintained utilizing a combination of the QuickBooks software and Excel spreadsheets.

During 2018 and 2017, errors were noted in the District's financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2018 and 2017, the fund balances were improperly classified as "General Fund" rather than the fund balance classifications required by GASB 54. The proper designation for 2018 and 2017 was "Assigned" as the result of subsequent year appropriations exceeding subsequent year budgeted receipts.
- In 2018, County Auditor fees for property tax collections were netted against property tax receipts rather than recording the gross receipts and the fees separately.
- Intergovernmental receipts of \$12,595 in 2018 and \$12,357 in 2017 were missclassified as property taxes.
- The 2018 Net Change in Fund Cash Balance was reported as \$(72,422) rather than \$(140,974). This was due to a mathematical error.
- The 2018 statement did not add properly, although the ending cash balance was only misstated by \$112 due to offsetting errors of approximately \$70,000.

The accompanying financial statements have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the District and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

We recommend the District convert their accounting records to the Auditor of State Uniform Accounting Network (UAN) or other appropriate software designed for government accounting. We further recommend management review Governmental Accounting Standards Board Statement No. 54, Auditor of State Bulletin 2011-004, and other Auditor of State guidance to aid in properly identifying account classifications and fund balance categories when preparing annual financial statements.

Management's Response:

See Corrective Action Plan.

Finding Number 2018-002 – Non Compliance

Ohio Revised Code 5705.38(A) states, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. In addition, Ohio Revised Code 5705.41(B) provides that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. We noted the District did not pass appropriation measures in fiscal year 2018 until April 26, 2018 and in fiscal year 2017 until March 22, 2017. Therefore, the District did not have the authority to spend money until those dates.

JOINT FIRE DISTRICT PLEASANT HILL-NEWTON TOWNSHIP
MIAMI COUNTY

Schedule of Audit Findings - Continued
December 31, 2018 and 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - Continued
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Finding Number 2018-002 – Non Compliance - continued

We recommend the District pass appropriation measures in a timely manner as required and utilize the Auditor of State UAN software or other appropriate software designed for government accounting so that it can integrate that budgetary data into its accounting system to properly monitor its actual expenditures in relation to its budgeted expenditures.

Management's Response:

See Corrective Action Plan.

JOINT FIRE DISTRICT PLEASANT HILL – NEWTON TOWNSHIP
 MIAMI COUNTY
 For the Years Ended December 31, 2018 and 2017

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2016-001	Material Weakness-Financial Statement Errors	Corrected	
2016-002	Noncompliance – Approval of appropriations	Not corrected until 2019	See Corrective Action Plan

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JOINT FIRE DISTRICT PLEASANT HILL – NEWTON TOWNSHIP
 MIAMI COUNTY
 For the Years Ended December 31, 2018 and 2017

CORRECTIVE ACTION PLAN-PREPARED BY MANAGEMENT

FINDING NUMBER	FUNDING SUMMARY	Corrective Action
2016-002 2018-002	Noncompliance - Appropriations were not approved timely.	New clerk in 2017 and was not aware of need for temporary appropriations until the 2015-2016 audit findings were made available in May 2018. For fiscal year 2019, temporary appropriations were approved at the reorganization meeting on January 3, 2019.
2018-001	Material Weakness – Audit adjustments and reclassifications.	New clerk in 2017 and still learning how some transactions are to be recorded and how some information should be presented on the financial statements. JFD understands the findings and has taken note of the errors and will make an effort not to make similar mistakes in the future.

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OHIO AUDITOR OF STATE KEITH FABER



PLEASANT HILL-NEWTON TOWNSHIP JOINT FIRE DISTRICT

MIAMI 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
AUGUST 27, 2019**