



Mary Taylor, CPA
Auditor of State

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

West Licking Joint Fire District
Licking County
851 East Broad Street
Pataskala, Ohio 43062

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Licking Joint Fire District, Licking County, Ohio (the District), as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying basis financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Licking Joint Fire District, Licking County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2007, the Government revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

September 30, 2008

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

This discussion and analysis of the West Licking Joint Fire District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2007, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$1,983,880 from 2006.

The District's general receipts are primarily property taxes. These receipts represent respectively 84 percent of the total cash received for governmental activities during the year.

Earnings on STAR Ohio investments totaled \$318,720 for 2007.

Using the Basic Financial Statements

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

Report Components

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

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

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Basis of Accounting (Continued)

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

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the District at year end.

The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts. The statement of activities compares cash disbursements with program receipts for each governmental program. The District had no program revenues for 2007.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and grants & entitlements and earning on investments.

In the statement of net assets and the statement of activities, we divide the District into one type of activities:

Governmental activities. The District provides fire protection and rescue services within the Fire District and by contract to areas outside the District. State and property taxes finance these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the Government as a whole. The Government establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Government are split into three categories: governmental, proprietary and fiduciary.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Reporting the District's Most Significant Funds (Continued)

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

The District as a Whole

Table 1 provides a summary of the District's net assets for 2007 and 2006 on a cash basis.

**(Table 1)
Net Assets**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Assets		
Cash and Cash Equivalents	\$6,955,384	\$4,971,504
Total Assets	<u>\$6,955,384</u>	<u>\$4,971,504</u>
Net Assets		
Restricted for:		
Other Purposes	357,542	154,656
Unrestricted	<u>6,597,842</u>	<u>4,816,848</u>
Total Net Assets	<u>\$6,955,384</u>	<u>\$4,971,504</u>

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The District as a Whole (Continued)

Table 2 reflects the changes in net assets on cash basis in 2007 for governmental activities.

**(Table 2)
Changes in Net Assets**

	Governmental Activities
	2007
Receipts:	
General Receipts:	
Property and Other Local Taxes	7,181,911
Grants and Entitlements Not Restricted to Specific Programs	1,005,906
Interest	318,720
Miscellaneous	65,801
Total General Receipts	8,572,338
Total Receipts	8,572,338
Disbursements:	
General Government	6,192,972
Public Safety	175,002
Capital Outlay	106,655
Principal Retirement	89,977
Interest and Fiscal Charges	1,352
Miscellaneous	22,500
Total Disbursements	6,588,458
Increase in Net Assets	1,983,880
Net Assets, January 1, 2007	4,971,504
Net Assets, December 31, 2007	\$6,955,384

Net assets of governmental activities increased \$1,983,880. The primary reason contributes to the increase in local taxes and investment earning.

Table 2 reflects the changes in net assets in 2007. Since the District did not prepare financial statements in this format for 2006, a comparative analysis of government-wide data has not been presented.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The District as a Whole (Continued)

General receipts represent 100 percent of the District's total receipts, and of this amount, 84 percent are property taxes. Intergovernmental receipts represent 12 percent of total receipts. Earnings on investments are substantial equaling \$318,720 or 4 percent. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for District represent the overhead costs of running the District and the support services provided for the other Government activities. These include the costs of fire protection, emergency medical services, training, wages, pensions, operating supplies, repairs and maintenance to fire stations and equipment, as well as internal services such as payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities on page 9, you will see that the first column lists the major services provided by the District. This "net cost" amount represents the cost of the service which ends up being paid from money provided by general receipts. A comparison between the total cost of services and the net cost is presented in Table 3. The major program disbursements for governmental activities are for General Government which accounts for 94 percent of all governmental disbursements.

(Table 3)

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$6,192,972	\$6,192,972
Public Safety	\$175,002	\$175,002
Capital Outlay	106,655	106,655
Principal Retirement	89,977	89,977
Interest and Fiscal Charges	1,352	1,352
Miscellaneous	22,500	22,500
Total Expenses	<u>\$6,588,458</u>	<u>\$6,588,458</u>

The dependence upon property tax receipts is apparent as over 84 percent of governmental activities are supported through these general receipts.

The District's Funds

Total governmental funds had receipts of \$8,534,838, and disbursements of \$6,565,958. The greatest net change within governmental funds occurred within the General Fund – the net fund balance of the General Fund increased from \$4,816,848 to \$6,597,843 – an increase of \$1,780,995.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During 2007, the District did not amend its General Fund. Appropriations for the District should not exceed the estimated or actual receipts

Final disbursements were budgeted at \$6,856,519 while actual disbursements were \$6,375,594.

Current Related Financial Activity

The challenge for all Districts is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on property taxes and anticipate that industry will grow within the District and have a substantial impact on the future tax base.

The current tax valuation for the District is \$911,200,575.

A 2 Mil levy expired in 2007. The Board of Trustees decided to put this on the November 6, 2007 ballot as a renewal levy for a period of five (5) years, commencing in 2008, first due in calendar year 2009 (2 mills for each one dollar of valuation, amounting to .20 cents for each \$100 of valuation). The 2 Mil renewal levy passed by a very favorable margin of votes.

A Permit and Fee Schedule was approved in September, 2007 to be implemented in 2008. Fees would be charged to contractors or businesses for various inspections as noted on the Schedule. Any fees will be required to be paid in full before the permit is issued by the Fire Prevention Officer(s).

General obligation bonds issued to finance the construction of Station 1 (851 East Broad Street) were paid in full, both principal and interest. The District currently has no outstanding debt.

Two full-time firefighter/paramedics were hired in 2007.

A full-time Clerk/Fiscal Officer was hired to replace the part-time Clerk, who retired December 31, 2006.

For the first time in the District's history, an automated accounting system was implemented. The District joined the Uniform Accounting Network on January 1, 2007. Purchase orders and blanket certificates were utilized to certify funds were available for payment. Tax receipts were posted at gross, rather than net and the Auditor's settlement sheets were monitored to ensure all receipts were collected. All revenue from the 1 Mil levy was posted to the appropriate fund.

Payroll continued to be outsourced by Paychex, and was streamlined to improve accuracy and efficiency. Schedules and spreadsheets were created to ensure all firefighters received STEP and contract increases on a timely basis. A wage calculation formula per the union contract was integrated into an Excel spreadsheet to ensure income was being calculated correctly. All employees' annual lump sum payments were integrated into a spreadsheet to ensure longevity, paramedic pay, and holiday pay were paid correctly and on a timely basis. Spreadsheets were created to ensure all future pension contributions would be calculated correctly.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The cost of health care increased significantly, and the Board of Trustees voted to switch major medical coverage from Anthem BC/BS PPO to Medical Mutual of Ohio. The District pays for 100% of all employees' health insurance premiums – major medical/prescription, AD&D, life, dental, and vision coverage.

In 2007 it was proposed to build a new fire station in the Jersey area of the District. The architect spec sheet was advertised as approved by the Board of Trustees. Nine architects responded to the advertisement, to be narrowed down to a field of three for final review.

Debt

In July 26, 2002 the District issued general obligations bonds in the amount of 700,000 to finance the construction of a new fire station. The bonds matured in July 26, 2007 and were paid in full during fiscal year 2007.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, investors, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Elisabeth Krugh, Fiscal Office, West Licking Joint Fire District, 851 East Broad Street, Pataskala, Ohio 43062.

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**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

***Statement of Net Assets - Cash Basis
December 31, 2007***

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,955,384
<i>Total Assets</i>	<u>6,955,384</u>
Net Assets	
Restricted for:	
Other Purposes	357,542
Unrestricted	6,597,842
<i>Total Net Assets</i>	<u>\$ 6,955,384</u>

See accompanying notes to the basic financial statements.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

***Statement of Activities - Cash Basis
For the Year Ended December 31, 2007***

	Cash Disbursements		Governmental Activities	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities				
General Government	\$ 6,192,972	\$		(6,192,972)
Public Safety	175,002			(175,002)
Capital Outlay	106,655			(106,655)
Debt Service:				
Principal	89,977			(89,977)
Interest	1,352			(1,352)
Miscellaneous	22,500			(22,500)
<i>Total Governmental Activities</i>	6,588,458			(6,588,458)
			General Receipts	
			Property Taxes	7,181,911
			Grants & Entitlements not Restricted to Specific Programs	1,005,906
			Earnings on Investments	318,720
			Miscellaneous	65,801
			<i>Total General Receipts</i>	8,572,338
			Change in Net Assets	1,983,880
			<i>Net Assets Beginning of Year</i>	4,971,504
			<i>Net Assets End of Year</i>	\$ 6,955,384

See accompanying notes to the basic financial statements

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

***Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007***

	GENERAL	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 6,597,842	\$ 357,542	\$ 6,955,384
<i>Total Assets</i>	<u>6,597,842</u>	<u>357,542</u>	<u>6,955,384</u>
Fund Balances			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	6,597,842	-	6,597,842
Special Revenue Funds	-	357,542	357,542
<i>Total Fund Balances</i>	<u>\$ 6,597,842</u>	<u>\$ 357,542</u>	<u>\$ 6,955,384</u>

See accompanying notes to the basic financial statements.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	GENERAL	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
Receipts			
Property and Other Local Taxes	\$ 6,811,785	\$ 370,126	\$ 7,181,911
Licenses, Permits and Fees	39	-	39
Intergovernmental	960,283	45,623	1,005,906
Earnings on Investments	318,720	-	318,720
Miscellaneous	28,262	-	28,262
Total Receipts	8,119,089	415,749	8,534,838
Disbursements			
Current:			
General Government	6,186,658	6,314	6,192,972
Public Safety	166,436	8,566	175,002
Capital Outlay	-	106,655	106,655
Debt Service:			
Principal Retirement	-	89,977	89,977
Interest and Fiscal Charges	-	1,352	1,352
Total Disbursements	6,353,094	212,864	6,565,958
Other Financing Sources/(Uses):			
Other Financing Uses	(22,500)	-	(22,500)
Other Financing Sources	37,500	-	37,500
Total Other Financing Sources/(Uses)	15,000	-	15,000
Net Change in Fund Balances	1,780,995	202,885	1,983,880
Fund Balances Beginning of Year	4,816,848	154,656	4,971,504
Fund Balances End of Year	\$ 6,597,843	\$ 357,541	\$ 6,955,384

See accompanying notes to the basic financial statements.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 7,471,642.00	\$ 7,471,642.00	\$ 6,811,785.00	\$ (659,857.00)
Licenses, Permits and Fees	-	-	39	39
Intergovernmental	53,377	97,498	960,283	862,785
Earnings on Investments	-	-	318,720	318,720
Miscellaneous	-	-	28,262	28,262
<i>Total receipts</i>	<u>7,525,019</u>	<u>7,569,140</u>	<u>8,119,089</u>	<u>549,949</u>
Disbursements				
Current:				
General Government	6,662,019	6,636,519	6,186,658	449,861
Public Safety	189,500	220,000	166,436	53,564
<i>Total Disbursements</i>	<u>6,851,519</u>	<u>6,856,519</u>	<u>6,353,094</u>	<u>503,425</u>
Other Financing Sources/(Uses):				
Other Financing Uses	-	-	(22,500)	(22,500)
Other Financing Sources	-	-	37,500	37,500
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
<i>Net Change in Fund Balance</i>	673,500	712,621	1,780,995	61,524
<i>Fund Balance Beginning of Year</i>	<u>4,777,239</u>	<u>4,777,239</u>	<u>4,816,848</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,450,739</u>	<u>\$ 5,489,860</u>	<u>\$ 6,597,843</u>	<u>\$ 61,524</u>

See accompanying notes to the basic financial statements.

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**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Note 1 – Description of the District and Reporting Entity

The West Licking Joint Fire District, Licking County, Ohio (the District), is a body politic and corporate established in 1982 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed six-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Etna Township, Jersey Township, Harrison Township, Village of Kirkersville, City of Reynoldsburg, and City of Pataskala.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides fire and emergency medical services within the District.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. There were no component units of the District for the year ended December 31, 2007.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance and net assets of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts would include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. The District had no program revenues. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

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

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The District's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The District's only major governmental fund is the General Fund.

General Fund - The general fund accounts for all financial resources except those required to be accounted for 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.

Non-Major Special Revenue Fund (1 Mil Operating Levy) receives tax revenue for equipment and capital outlay expenditures and debt service related to construction.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations measure, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations measure is the District's authorization to spend resources and sets limits on disbursements at the level of control selected by the District. The legal level of control has been established at the object code level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During 2007 the District maintained a general interest-bearing checking account through the local depository

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Interest earnings are allocated to District funds according to state statutes. Interest receipts credited to the General Fund during 2007 were \$318,720.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

F. Restricted Assets

Cash and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

Note 3 – Change in Basis of Accounting

In 2007 the District presented fund financial statements using the cash basis of accounting as described in Note 2. The fund financial statements present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – Deposits and Investments

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the District have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 5 – Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, none of the District's bank balance of \$57,244 was exposed to custodial credit risk. The District's bank balances were covered by FDIC Insurance.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the District had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$ 6,905,138	Average

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 5 – Deposits and Investments (Continued)

Interest rate risk arises because the fair value of investment changes as interest rates change. The District's investment policy addresses interest rate risk by requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy deals with investment custodial risk by referencing the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 6 – Property Taxes (Continued)

The full tax rate for all District operations for the year ended December 31, 2007 was \$1 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

<u>Real Property</u>	<u>2007</u>
Residential/Agriculture	\$792,694,160
Other Real Property	95,073,910
Tangible Personal Property	<u>33,004,270</u>
Total Assessed Value	\$920,772,340

Note 7 – Risk Management

Risk Pool Membership

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or

\$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

The District also provides major medical, prescription, life, accidental death and dismemberment, dental and vision coverage at no cost to full-time employees through private carriers.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans:

1. The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.
3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2007 member contribution rates were 9.5% for members in state and local classifications. Public safety members contributed 9.75%. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1%.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 8 – Defined Benefit Pension Plan (Continued)

A. Ohio Public Employees Retirement System (Continued)

The 2007 employer contribution rate for state employers was 13.77% of covered payroll. For local government employer units, the rate was 13.85% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2007 was 17.17%.

Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

For the year ended December 31, 2007, the District's members of all three OPERS plans were required to contribute 9.5 percent of their annual covered salaries. The District picked up the employee's required 9.5 percent portion. The District's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The District's contributions for both the employee and employer pension obligations to the OPERS traditional and combined plans for the years ended December 31, 2007 was \$21,883.04. The fourth quarter liability was paid in the first quarter of 2008. The full amount has been contributed to OPERS for 2007.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The District picked up the employee's required 10 percent portion. The District's contribution rate for pension benefits for 2007 was 24 percent. The District's contributions for both the employee and employer pension obligations to OP&F for the year ended December 31, 2007 was \$1,141,307.37. The fourth quarter liability was paid in the first quarter of 2008. The full amount has been contributed to OP&F for 2007.

Note 9 – Post-Employment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 9 – Post-Employment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2007 state employers contributed at a rate of 13.77% of covered payroll, local government employer units contributed at 13.85% of covered payroll and public safety and law enforcement employer units contributed at 17.17%. The portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2006.

Funding Method – The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2006 was 6.50%.

Active Employee Total Payroll – An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEB is advance-funded on an actuarially determined basis. The following disclosures are required:

1. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130.
- 2.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 9 – Post-Employment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

3. The rates stated in Section A, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of your employer contributions that were used to fund post-employment benefits can be approximated by multiplying actual employer contributions for January 1 through June 30, 2007 by 0.3631 for state employers, 0.3610 for local government employers, and 0.2912 for both law enforcement and public safety employers. For the period July 1 through December 31, 2007, multiply the actual employer contributions by 0.4357 for state employers, 0.4332 for local government employers, and 0.3494 for both law enforcement and public safety employers.
4. The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006.
5. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22, if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total employer's firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the post-employment health care program during 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The District's actual contributions for 2007 that were used to fund post-employment benefits were \$266,084.57 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$178,906,570 which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 14,130 for police and 10,636 for firefighters.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**FOR THE YEAR ENDED DECEMBER 31, 2007
NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Note 10 – Debt

The District had no outstanding debt at December 31, 2007. On July 26, 2002 the District issued general obligation bonds to finance the construction of a new fire station. The bonds were issued for \$700,000, maturing through July 26, 2007, and collateralized by the District's taxing authority. The interest rate was 4.49%. All remaining debt for this capital improvement at December 31, 2006 was paid in full in 2007.

The District's long-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>
<u>Governmental Activities</u>					
General Obligation Bonds					
2002 Issue (\$700,000)	4.49%	\$89,977	-0-	\$89,977	-0-

Note 11 – Construction and Contractual Commitments

The District has entered into a contract with WDC Group to design a fire station to be built in the Jersey Township portion of the District. This contract will result in the construction of a new fire station, which will require staffing, fire and emergency medical equipment, and operating supplies. As of December 31, 2007, a completion date for this construction project had not been determined.

Note 12 – Compliance

Contrary to 5705.41 (D) (1) the District did not properly certify that funds were available for expenditure before obligated.

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Mary Taylor, CPA

Auditor of State

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

West Licking Joint Fire District
Licking County
851 East Broad Street
Pataskala, Ohio 43062

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Licking Joint Fire District, Licking County, Ohio, (the District) as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2008, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-004.

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www.auditor.state.oh.us

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2007-004 is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated September 30, 2008.

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, providing an opinion 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2007-001 through 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 30, 2008.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 30, 2008

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2007-001
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Non-compliance

**Finding for Recovery Repaid Under Audit
Overpayment of Pager Pay – Repeated**

As part of the administrative contract the Fire Chief and two Assistant Fire Chief’s rotate on-call duty for non-business hours. In exchange for this duty they are to receive a once yearly lump-sum payment called pager pay. Pager pay is eighty hours of pay at regular hourly rate. Hourly rate is calculated using base salary plus longevity amount, medic/pager pay, and holiday bump (if applicable). Administrative personnel are not to receive a holiday bump to their hourly rate of pay. The administrative employees receive holidays off and do not receive a holiday bump. Three administrative employees had a holiday bump included in their hourly rate calculation for pager pay. The three administrative employees received their 2006 and 2007 Pager Pay checks in 2007 resulting in the following overpayments:

Name	Amount Paid	Amount Due	Amount Over Paid
James Weber	\$ 7,340.00	\$ 7,063.75	\$ 276.25
Harold Williams	6,852.00	6,594.30	257.70
Kenneth Matthews	6,679.20	6,360.46	318.74
Total	\$ 20,871.20	\$ 20,018.51	\$ 852.69

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended would have been issued against listed above, individually, in the corresponding dollar amounts, and in favor of the West Licking Joint Fire District’s General Fund.

James Weber and Kenneth Matthews re-paid their respective amounts on January 23, 2009 by means of reduction of sick leave balances. Harold Williams re-paid his respective amount on January 14, 2009 by personal check.

Officials Response:

The Administrative employees referenced herein have repaid the District their respective amounts with Board-approved leave paybacks. Corroborating documentation of same was provided to the State Auditor. As of 4/16/2007, Holiday Pay is no longer included in the calculation of Administrative employees’ hourly rates for annual lump sum payments such as Pager Pay.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-002
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Non compliance

**Finding for Recovery Repaid Under Audit
Leave Buyout Overpayment**

Each year District employees are able to receive a payout for sick and vacation leave on their anniversary date. This payout is paid at their hourly rate prior to their longevity increase. Hourly rate is calculated using base salary plus longevity amount, medic/pager pay, and holiday bump (if applicable). Article 16, Section 2 of the Agreement between the District and the International Association of Firefighters Local 3025 provides that administrative officers receive holidays off instead of a holiday bump. Two administrative officers had a holiday bump included in their hourly rate calculation, resulting in the following overpayments:

James Weber	\$ 3,609.37	\$ 3,462.86	\$ 146.51
Harold Williams	3,370.70	3,233.88	136.82
<u>Total</u>	6,980.07	6,696.75	283.32

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended would have been issued against James Weber and Harold Williams, in the amounts of \$146.51 and \$136.82, respectively, and in favor of West Licking Joint Fire District's General Fund.

James Weber re-paid his respective amount on January 23, 2009 by means of reduction of sick leave balances. Harold Williams re-paid his respective amount on January 14, 2009 by personal check.

The respective employees listed above repaid the respective amounts by means of reduction of sick leave balances.

Officials Response:

The Administrative employees referenced herein have repaid the District their respective amounts with Board-approved leave paybacks. Corroborating documentation of same was provided to the State Auditor. As of 4-16-2007, Holiday Pay is no longer included in the calculation of Administrative employees' hourly rates for annual lump sum payments such as leave buyouts.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-003
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**Non-compliance
Certification of Funds**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Seventy-four percent of expenditures tested during audit period were not certified by the Fiscal Officer at the time the commitment was incurred. There was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-003 (Continued)
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**Noncompliance
Certification of Funds (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials Response:

Prior certification of funds has been implemented by the current Fiscal Officer utilizing a combination of Purchase Orders, Then & Now Certificates, Blanket and Super Blanket Certificates. As of 1-01-2009, Then & Now Certificates are being issued correctly as per O.R.C. 5705.41(D)(1).

Finding Number	2007-004
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**Material Weakness
Financial Reporting**

The District utilized UAN accounting records and had very limited monitoring controls over daily cash basis transactions entered into the ledgers. At year-end, the cash basis information from the UAN ledgers is converted into financial statements reported under Other Comprehensive Basis of Accounting. The District Clerk prepared financial statements.

11 audit adjustments and reclassifications were necessary to accurately reflect receipts and budgetary expenditures on the financial statements. These adjustments and reclassifications ranged in dollar amount from \$2,000 to \$1,005,906. These adjustments and reclassification included beginning fund balances, mis-posting of taxes, intergovernmental, and miscellaneous receipts.

The District has posted these adjustments and reclassifications to their financial statements and accounting records.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-004 (Continued)
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**Material Weakness
Financial Reporting (Continued)**

We recommend the District implement additional procedures to provided assurance over the completeness and accuracy of information reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Officials Response:

The District implemented UAN accounting methods on 1-1-2007, and did not utilize manual accounting records or ledgers in 2007. As of 1-1-2007, all financial statements were prepared according to the State Auditor's requirements utilizing the UAN system. Adjustments to the 2007 financial statements were necessary due to incorrect beginning Fund balances from the manual ledger system utilized by the previous Clerk in 2006. The current Fiscal Officer reviews all transactions with the Cash Journal prior to completing the monthly bank reconciliation. Appropriations and expenditures are closely monitored, and revenues are reviewed to ensure all monies have been deposited and receipted. Utilizing the UAN system, along with increased monitoring and reviews will help to assure the completeness and accuracy of the fiscal data reported within the District's financial statements. An Audit Committee consisting of three Board members was formed on 10-9-2008, which will provide additional review of the District's financial data.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Overpayment of Pager Pay	No	Repeated as Finding 2007-001
2006-002	Findings for Recovery – Overpayment of Payroll	Yes	
2006-003	Findings for Recovery – Overpayment of Longevity Pay	Yes	
2006-004	Findings for Recovery – Leave Buyout Overpayment	No	Repeated as Finding 2007-002
2006-005	Finding for Recovery – Overpayment of Overtime	Yes	
2006-006	Finding for Recovery -Overpayment Credit card	Yes	
2006-007	Noncompliance – Certification of Funds	No	Repeated as Finding 2007-003
2006-008	Noncompliance – Expenditures Exceeding Appropriations	Yes	
2006-009	Material Weakness – Bank Reconciliations	Yes	
2006-010	Material Weakness – Financial Reporting	No	Repeated as Finding 2007-004



Mary Taylor, CPA
Auditor of State

WEST LICKING JOINT FIRE DISTRICT

LICKING 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
MARCH 31, 2009**