



Dave Yost • Auditor of State

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Licking Joint Fire District, Licking County, Ohio (the District), as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Licking Joint Fire District, Licking County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the budgetary comparison for the General and the Special Levy and Emergency Medical Service funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2015 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

March 9, 2015

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**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
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 years ended December 31, 2013 and 2012, 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 2012 are as follows:

Net position of governmental activities decreased \$970,033 as compared to 2011.

The District's general receipts are primarily property taxes. These receipts represent respectively 79 percent of the total cash received for governmental activities during the year. Grants and Entitlement receipts for 2012 decreased in comparison to 2011 while General Government disbursements increased. Fees charged to contractors or businesses for various inspections provided supplemental, but very minimal, income during 2012.

The District had \$9,787,051 in disbursements during 2012.

Key highlights for 2013 are as follows:

Net position of governmental activities decreased \$702,885 as compared to 2012.

The District's general receipts are primarily property taxes. These receipts represent respectively 78 percent of the total cash received for governmental activities during the year. Property tax and Grants and Entitlements not Restricted to Specific Programs receipts for 2013 increased in comparison to 2012 while General Government disbursements decreased. Fees charged to contractors or businesses for various inspections provided supplemental, but very minimal, income during 2013.

The District had \$9,740,182 in disbursements during 2013.

Using the Basic Financial Statements

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

Report Components

The statement of net position and the statement of activities provide information about the cash activities of 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.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting for 2013 and 2012. Cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Reporting the District as a Whole

The statement of net position and the statement of activities reflect how the District did financially during 2013 and 2012, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the District at year end.

The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 did not have program revenues for 2013 and 2012.

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 tax, and grants and entitlements, and earning on investments.

In the statement of net position and the statement of activities, the District has Governmental type activities:

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

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
UNAUDITED**

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its 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 District are reflected in the governmental categories.

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 non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund, 1 MIL Special Levy Fund for 2012 and the Ambulance EMS Fund for 2013. 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 position for 2013 compared to 2012 on a cash basis:

(Table 1)

Net Position

| | Governmental Activities | | |
|---------------------------|-------------------------|--------------------|--------------------|
| | 2013 | 2012 | 2011 |
| Assets | | | |
| Cash and Cash Equivalents | \$6,806,644 | \$7,509,529 | \$8,479,562 |
| Total Assets | \$6,806,644 | \$7,509,529 | \$8,479,562 |
| Net Position | | | |
| Restricted for: | | | |
| Other Purposes | 1,367,415 | 1,381,942 | 784,692 |
| Unrestricted | 5,439,229 | 6,127,587 | 7,694,870 |
| Total Net Position | \$6,806,644 | \$7,509,529 | \$8,479,562 |

As mentioned previously, net position of governmental activities decreased \$702,885 in 2013 compared to 2012; and decreased \$970,033 in 2012 compared to 2011.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
UNAUDITED**

Table 2 reflects the changes in net position on a cash basis in 2013 and 2012 for governmental activities.

(Table 2)

Changes in Net Position

| | Governmental Activities | | |
|--|----------------------------|--------------------|--------------------|
| | 2013 | 2012 | 2011 |
| Receipts: | | | |
| Program Receipts: | | | |
| Charges for Services | 826,955 | 762,362 | - |
| Total Program Receipts | 826,955 | 762,362 | - |
| General Receipts: | | | |
| Property and Other Local Taxes | 7,089,858 | 7,009,162 | 7,192,770 |
| Sale of Fixed Assets | 4,986 | 8,553 | 747 |
| Grants and Entitlements Not Restricted to Specific Programs | 1,066,543 | 991,249 | 1,092,269 |
| Interest | 23,996 | 35,527 | 64,576 |
| Miscellaneous | 24,959 | 10,165 | 4,409 |
| Total General Receipts | 8,210,342 | 8,054,656 | 8,354,771 |
| Total Receipts | 9,037,297 | 8,817,018 | 8,354,771 |
| Disbursements: | | | |
| General Government | 9,211,401 | 9,356,319 | 8,678,533 |
| Capital Outlay | 528,781 | 430,732 | 178,662 |
| Total Disbursements | 9,740,182 | 9,787,051 | 8,857,195 |
| Increase (Decrease) in Net Position | (702,885) | (970,033) | (502,424) |
| Net Position, January 1 | 7,509,529 | 8,479,562 | 8,981,986 |
| Net Position, December 31 | \$6,806,644 | \$7,509,529 | \$8,479,562 |

General receipts in 2013 represent 91 percent of the District's total receipts, and of this amount, approximately 86 percent are property taxes. Earnings on investments in 2013 were not substantial, equaling \$23,996 due to the poor economy and lower investment returns. The 2012 investments interest was somewhat lower than 2011, by \$29,049 due to the CDs' lower interest rate(s). Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government 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.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
UNAUDITED**

Governmental Activities

If you look at the Statement of Activities on pages 11 and 17, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government which accounts for 95 percent and 96 percent of all governmental disbursements in 2013 and 2012, respectively.

(Table 3)

Governmental Activities

| | Total Cost of Services 2013 | Total Cost of Services 2012 | Total Cost of Services 2011 |
|-----------------------|--|--|--|
| General Government | \$9,211,401 | \$9,356,319 | \$8,678,533 |
| Capital Outlay | 528,781 | 430,732 | 178,662 |
| Total Expenses | \$9,740,182 | \$9,787,051 | \$8,857,195 |

The dependence upon property tax receipts is apparent as the largest percentage of governmental activities was supported through these general receipts in 2013 and 2012.

The District's Funds

Total governmental funds in 2013 had receipts of \$9,037,297 and disbursements of \$9,740,182; in 2012 receipts totaled \$8,817,018 and disbursements of \$9,787,051. The greatest net change within governmental funds occurred within the General Fund in 2012 – the net fund balance of the General Fund decreased from \$7,694,870 to \$6,127,587 – a decrease of \$1,567,283 from 2011.

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. Final General Fund disbursements in 2013 were budgeted at \$9,087,801 while actual disbursements were \$8,547,326. The Ambulance EMS Fund disbursements were budgeted at \$818,041 while actual disbursements were \$742,436. Final General Fund disbursements in 2012 were budgeted at \$9,638,505 while actual disbursements were \$9,321,964. The 1 Mil Special Revenue Fund disbursements were budgeted at \$460,958 while actual disbursements were \$471,337. The District kept spending under the budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The District maintains an inventory of its capital assets.

Debt

At December 31, 2013, the District had no outstanding debt.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
UNAUDITED**

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. 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.

Revenue –

1. A levy was approved by the voters: a 1.5 mill levy in 2012 replacing a 2.0 mill levy that was expiring.
2. EMS billing was approved by Trustees in October, 2011, as a new source of revenue for the District with estimated earnings of \$ 800,000 per year.
3. Investment earnings continued to be low both in 2013 and 2012 due to the economy and much lower interest rates in both STAR Ohio, and the CDARS Program through Park National Bank.

Local 3025 Collective Bargaining Agreement was ratified in June, 2011, to be effective November 1, 2011 through October 31, 2014.

A Master Plan was developed for the Fire District to review existing facilities and services, and determine locations to build future facilities that will best serve the residents' needs. Michael Schuster Associates was hired as the architect to develop the Plan.

As with other government entities, the cost of health care increased in both 2013 and 2012. Medical Mutual of Ohio was renewed as the major medical insurance provider. In 2012 the District pays for 92% of employees' health insurance premiums – major medical/prescription, dental, and vision coverage; and in 2013 the District paid for 88% of the employees' health insurance premiums – major medical/prescriptions, dental and vision coverage. The District pays 100% of AD&D and life insurance premiums.

The District maintains its own website: www.westlickingfire.org

Contacting the District's Financial Management

This financial report is designed to provide our citizens, 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 Donna M. Hubner, Fiscal Officer, West Licking Joint Fire District, 851 East Broad Street, Pataskala, Ohio 43062.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$ 6,806,644 |
| <i>Total Assets</i> | <u>\$ 6,806,644</u> |
| Net Position | |
| Restricted for: | |
| Other Purposes | \$ 1,367,415 |
| Unrestricted | 5,439,229 |
| <i>Total Net Position</i> | <u>\$ 6,806,644</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, 2013**

| | Cash Disbursements | Program Cash Receipts Charges for Services and Sales | Net (Disbursements) Receipts and Changes in Net Assets |
|---|-------------------------------|---|---|
| | | | Governmental Activities |
| Governmental Activities | | | |
| General Government | \$ 9,211,401 | \$ 826,955 | \$ (8,384,446) |
| Capital Outlay | 528,781 | - | \$ (528,781) |
| <i>Total Governmental Activities</i> | <u>\$ 9,740,182</u> | <u>\$ 826,955</u> | <u>(8,913,227)</u> |
| General Receipts | | | |
| Property Taxes | | | 7,089,858 |
| Grants and Entitlements not Restricted to Specific Programs | | | 1,066,543 |
| Sale of Fixed Assets | | | 4,986 |
| Earnings on Investments | | | 23,996 |
| Miscellaneous | | | <u>24,959</u> |
| <i>Total General Receipts</i> | | | 8,210,342 |
| Change in Net Position | | | (702,885) |
| <i>Net Position Beginning of Year</i> | | | <u>7,509,529</u> |
| <i>Net Position End of Year</i> | | | <u>\$ 6,806,644</u> |

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, 2013**

| | <u>GENERAL</u> | <u>AMBULANCE EMS</u> | <u>OTHER GOVERNMENTAL FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|---------------------|--------------------------|--|---|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 5,439,229 | \$ 729,936 | \$ 637,479 | \$ 6,806,644 |
| <i>Total Assets</i> | <u>\$ 5,439,229</u> | <u>\$ 729,936</u> | <u>\$ 637,479</u> | <u>\$ 6,806,644</u> |
| Fund Balances | | | | |
| Restricted | \$ - | \$ 729,936 | \$ 637,479 | \$ 1,367,415 |
| Assigned | 1,776,765 | | - | 1,776,765 |
| Unassigned | 3,662,464 | - | - | 3,662,464 |
| <i>Total Fund Balances</i> | <u>\$ 5,439,229</u> | <u>\$ 729,936</u> | <u>\$ 637,479</u> | <u>\$ 6,806,644</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, 2013**

| | GENERAL | AMBULANCE EMS | OTHER GOVERNMENTAL FUND | TOTAL |
|---|---------------------|-------------------|-------------------------------|---------------------|
| Receipts | | | | |
| Property and Other Local Taxes | \$ 6,724,073 | \$ - | \$ 365,785 | \$ 7,089,858 |
| Charges for Services | - | 826,955 | - | 826,955 |
| Intergovernmental | 1,017,128 | - | 49,415 | 1,066,543 |
| Earnings on Investments | 23,996 | - | - | 23,996 |
| Miscellaneous | 22,644 | 2,315 | - | 24,959 |
| Total Receipts | <u>7,787,841</u> | <u>829,270</u> | <u>415,200</u> | <u>9,032,311</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 8,481,185 | 724,240 | 5,976 | 9,211,401 |
| Capital Outlay | - | - | 528,781 | 528,781 |
| Total Disbursements | <u>8,481,185</u> | <u>724,240</u> | <u>534,757</u> | <u>9,740,182</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(693,344)</u> | <u>105,030</u> | <u>(119,557)</u> | <u>(707,871)</u> |
| Other Financing Sources | | | | |
| Sale of Fixed Assets | 4,986 | - | - | 4,986 |
| Total Other Financing Sources | <u>4,986</u> | <u>-</u> | <u>-</u> | <u>4,986</u> |
| Net Change in Fund Balances | (688,358) | 105,030 | (119,557) | (702,885) |
| Fund Balances Beginning of Year | <u>6,127,587</u> | <u>624,906</u> | <u>757,036</u> | <u>7,509,529</u> |
| Fund Balances End of Year | <u>\$ 5,439,229</u> | <u>\$ 729,936</u> | <u>\$ 637,479</u> | <u>\$ 6,806,644</u> |

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, 2013**

| | <u>Budgeted Amounts</u> | | | (Optional) |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 6,655,136 | \$ 6,655,136 | \$ 6,724,073 | \$ 68,937 |
| Intergovernmental | 1,083,394 | 1,083,394 | 1,017,128 | (66,266) |
| Earnings on Investments | 65,000 | 65,000 | 23,996 | (41,004) |
| Miscellaneous | 15,000 | 15,000 | 22,644 | 7,644 |
| <i>Total receipts</i> | <u>7,818,530</u> | <u>7,818,530</u> | <u>7,787,841</u> | <u>(30,689)</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 9,087,801 | 9,087,801 | 8,547,326 | 540,475 |
| <i>Total Disbursements</i> | <u>9,087,801</u> | <u>9,087,801</u> | <u>8,547,326</u> | <u>540,475</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(1,269,271)</u> | <u>(1,269,271)</u> | <u>(759,485)</u> | <u>509,786</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Fixed Assets | - | - | 4,986 | 4,986 |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>4,986</u> | <u>4,986</u> |
| <i>Net Change in Fund Balance</i> | (1,269,271) | (1,269,271) | (754,499) | 514,772 |
| <i>Unencumbered Cash Balance Beginning of Year</i> | 6,018,850 | 6,018,850 | 6,018,850 | - |
| Prior Year Encumbrances Appropriated | 108,736 | 108,736 | 108,736 | - |
| <i>Unencumbered Cash Balance End of Year</i> | <u>\$ 4,858,315</u> | <u>\$ 4,858,315</u> | <u>\$ 5,373,087</u> | <u>\$ 514,772</u> |

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
AMBULANCE EMS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | (Optional) Variance with Final Budget Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Charges or Services | \$ 800,000 | \$ 800,000 | \$ 826,955 | \$ 26,955 |
| Miscellaneous | | | 2,315 | 2,315 |
| <i>Total receipts</i> | <u>800,000</u> | <u>800,000</u> | <u>829,270</u> | <u>29,270</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 618,041 | 818,041 | 742,436 | 75,605 |
| <i>Total Disbursements</i> | <u>618,041</u> | <u>818,041</u> | <u>742,436</u> | <u>75,605</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>181,959</u> | <u>(18,041)</u> | <u>86,834</u> | <u>104,875</u> |
| <i>Net Change in Fund Balance</i> | 181,959 | (18,041) | 86,834 | 104,875 |
| <i>Unencumbered Cash Balance Beginning of Year</i> | 419,896 | 419,896 | 419,896 | - |
| Prior Year Encumbrances Appropriated | <u>205,011</u> | <u>205,011</u> | <u>205,011</u> | <u>-</u> |
| <i>Unencumbered Cash Balance End of Year</i> | <u><u>\$ 806,866</u></u> | <u><u>\$ 606,866</u></u> | <u><u>\$ 711,741</u></u> | <u><u>\$ 104,875</u></u> |

See accompanying notes to the basic financial statements

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

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

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$ 7,509,529 |
| <i>Total Assets</i> | <u><u>\$ 7,509,529</u></u> |
| Net Position | |
| Restricted for: | |
| Other Purposes | \$ 1,381,942 |
| Unrestricted | 6,127,587 |
| <i>Total Net Position</i> | <u><u>\$ 7,509,529</u></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, 2012**

| | Cash Disbursements | Program Cash Receipts Charges for Services and Sales | Net (Disbursements) Receipts and Changes in Net Assets |
|---|-------------------------------|---|---|
| | | | Governmental Activities |
| Governmental Activities | | | |
| General Government | \$ 9,356,319 | \$ 762,362 | \$ (8,593,957) |
| Capital Outlay | 430,732 | - | (430,732) |
| <i>Total Governmental Activities</i> | <u>\$ 9,787,051</u> | <u>\$ 762,362</u> | <u>(9,024,689)</u> |
| General Receipts | | | |
| Property Taxes | | | 7,009,162 |
| Grants and Entitlements not Restricted to Specific Programs | | | 991,249 |
| Sale of Fixed Assets | | | 8,553 |
| Earnings on Investments | | | 35,527 |
| Miscellaneous | | | <u>10,165</u> |
| <i>Total General Receipts</i> | | | 8,054,656 |
| Change in Net Position | | | (970,033) |
| <i>Net Position Beginning of Year</i> | | | <u>8,479,562</u> |
| <i>Net Position End of Year</i> | | | <u>\$ 7,509,529</u> |

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, 2012**

| | <u>GENERAL</u> | <u>SPECIAL LEVY</u> | <u>OTHER GOVERNMENTAL FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|---------------------|-------------------------|--|---|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 6,127,587 | \$ 757,030 | \$ 624,912 | \$ 7,509,529 |
| <i>Total Assets</i> | <u>\$ 6,127,587</u> | <u>\$ 757,030</u> | <u>\$ 624,912</u> | <u>\$ 7,509,529</u> |
| Fund Balances | | | | |
| Restricted | \$ - | \$ 757,030 | \$ 624,912 | \$ 1,381,942 |
| Assigned | 1,269,271 | | - | 1,269,271 |
| Unassigned | 4,858,316 | - | - | 4,858,316 |
| <i>Total Fund Balances</i> | <u>\$ 6,127,587</u> | <u>\$ 757,030</u> | <u>\$ 624,912</u> | <u>\$ 7,509,529</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, 2012**

| | GENERAL | SPECIAL LEVY | OTHER GOVERNMENTAL FUND | TOTAL |
|---|---------------------|-------------------|-------------------------------|---------------------|
| Receipts | | | | |
| Property and Other Local Taxes | \$ 6,648,279 | \$ 360,883 | \$ - | \$ 7,009,162 |
| Charges for Services | - | - | 762,362 | 762,362 |
| Intergovernmental | 943,420 | 47,829 | - | 991,249 |
| Earnings on Investments | 35,527 | - | - | 35,527 |
| Miscellaneous | 10,165 | - | - | 10,165 |
| Total Receipts | <u>7,637,391</u> | <u>408,712</u> | <u>762,362</u> | <u>8,808,465</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 9,213,227 | 5,636 | 137,456 | 9,356,319 |
| Capital Outlay | - | 430,732 | - | 430,732 |
| Total Disbursements | <u>9,213,227</u> | <u>436,368</u> | <u>137,456</u> | <u>9,787,051</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(1,575,836)</u> | <u>(27,656)</u> | <u>624,906</u> | <u>(978,586)</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Fixed Assets | 8,553 | - | - | 8,553 |
| Total Other Financing Sources (Uses) | <u>8,553</u> | <u>-</u> | <u>-</u> | <u>8,553</u> |
| Net Change in Fund Balances | (1,567,283) | (27,656) | 624,906 | (970,033) |
| Fund Balances Beginning of Year | <u>7,694,870</u> | <u>784,686</u> | <u>6</u> | <u>8,479,562</u> |
| Fund Balances End of Year | <u>\$ 6,127,587</u> | <u>\$ 757,030</u> | <u>\$ 624,912</u> | <u>\$ 7,509,529</u> |

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, 2012**

| | <u>Budgeted Amounts</u> | | | (Optional) |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 6,576,692 | \$ 6,576,692 | \$ 6,648,279 | \$ 71,587 |
| Intergovernmental | 1,084,391 | 1,084,391 | 943,420 | (140,971) |
| Earnings on Investments | - | - | 35,527 | 35,527 |
| Miscellaneous | - | - | 10,165 | 10,165 |
| <i>Total receipts</i> | <u>7,661,083</u> | <u>7,661,083</u> | <u>7,637,391</u> | <u>(23,692)</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 9,902,152 | 9,638,505 | 9,321,964 | 316,541 |
| <i>Total Disbursements</i> | <u>9,902,152</u> | <u>9,638,505</u> | <u>9,321,964</u> | <u>316,541</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(2,241,069)</u> | <u>(1,977,422)</u> | <u>(1,684,573)</u> | <u>292,849</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Fixed Assets | - | - | 8,553 | 8,553 |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>8,553</u> | <u>8,553</u> |
| <i>Net Change in Fund Balance</i> | (2,241,069) | (1,977,422) | (1,676,020) | 301,402 |
| <i>Unencumbered Cash Balance Beginning of Year</i> | 7,669,930 | 7,669,930 | 7,669,930 | - |
| Prior Year Encumbrances Appropriated | 24,940 | 24,940 | 24,940 | - |
| <i>Unencumbered Cash Balance End of Year</i> | <u>\$ 5,453,801</u> | <u>\$ 5,717,448</u> | <u>\$ 6,018,850</u> | <u>\$ 301,402</u> |

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
1 MIL SPECIAL LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | <u>Budgeted Amounts</u> | | | (Optional) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 334,927 | \$ 334,927 | \$ 360,883 | \$ 25,956 |
| Intergovernmental | 119,531 | 119,531 | 47,829 | (71,702) |
| <i>Total receipts</i> | <u>454,458</u> | <u>454,458</u> | <u>408,712</u> | <u>(45,746)</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 6,500 | 6,500 | 5,636 | 864 |
| Capital Outlay | 424,265 | 454,458 | 465,701 | (11,243) |
| <i>Total Disbursements</i> | <u>430,765</u> | <u>460,958</u> | <u>471,337</u> | <u>(10,379)</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>23,693</u> | <u>(6,500)</u> | <u>(62,625)</u> | <u>(56,125)</u> |
| <i>Net Change in Fund Balance</i> | 23,693 | (6,500) | (62,625) | (56,125) |
| <i>Unencumbered Cash Balance Beginning of Year</i> | 590,712 | 590,712 | 590,712 | - |
| Prior Year Encumbrances Appropriated | <u>195,909</u> | <u>195,909</u> | <u>195,909</u> | - |
| <i>Unencumbered Cash Balance End of Year</i> | <u>\$ 810,314</u> | <u>\$ 780,121</u> | <u>\$ 723,996</u> | <u>\$ (56,125)</u> |

See accompanying notes to the basic financial statements

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Note 1 – 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 District's Fiscal Officer is a full-time employee, receiving in addition to wages, OPERS and benefits.

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, 2013.

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. 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 position 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**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions and charges for services.

The statement of net position presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

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

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 funds are all classified as governmental.

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The District's major governmental funds include the General Fund, 1 Mil Special Levy fund for 2012 and the Ambulance EMS Fund for 2013. The General Fund is used to account 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. The 1 Mil Special Levy Fund receives tax revenue for equipment and capital outlay expenditures and debt service related to construction. The Ambulance EMS Fund accumulates charges for services receipts for the provision of emergency medical ambulance transport services to the District.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(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 modification 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 plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

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

District records identify the purchase of specific investments by specific funds.

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 2013 and 2012 the District maintained a general interest bearing checking account and invested with STAR Ohio and nonnegotiable certificates of deposits.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 2013 and 2010.

Interest earnings are allocated to District funds according to state statutes. Interest receipts credited to the General Fund during 2013 were \$23,996 and \$35,527 in 2012.

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. These items are not reflected as assets in the accompanying financial statements.

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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include activities for federal and state grants restricted to expenditures for specific purposes.

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

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources.

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

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of District Trustees. Those committed amounts cannot be used for any other purpose unless the District Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 3 – Budgetary Basis of Accounting (Continued)

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.

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

Note 4 – 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 withdraw-able on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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;
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;

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 4 – Deposits and Investments (Continued)

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. Payment for investments may be made only upon delivery of the securities representing the investments to the District or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The District maintains a deposit and investment pool that all funds use. The carrying amount of deposits and investments at December 31 was as follows:

| | 2013 | 2012 |
|--------------------------------|-------------|-------------|
| Demand deposits | \$1,407,114 | (\$33,642) |
| Certificates of deposit | \$4,050,690 | \$4,000,000 |
| Total deposits | 5,457,804 | 3,966,358 |
| STAR Ohio | 1,348,840 | 3,543,171 |
| Total deposits and investments | \$6,806,644 | \$7,509,529 |

Deposits

Custodial credit risk for deposits is the risk that in event of bank failure, the District will not be able to recover deposits or collateral securities that are in position of an outside party. At December 31, 2013 and 2012 the District's bank balances were \$5,481,015 and \$4,361,972 respectively. Each year, the full amount of deposits including the Certificates of Deposit (CDARS) was insured through FDIC as required by the Ohio Revised Code.

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

The District has no investment policy beyond the requirement of state statute, found in ORC 135. As of December 31, 2013 and 2012 the District had \$1,348,840 and \$3,543,171, respectively, invested in STAR Ohio. Interest rate risk arises because the fair value of investment changes as interest rates change.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 4 – Deposits and Investments (Continued)

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 5 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the District. Real property tax receipts received in 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of 2012 taxes. Public utility real property taxes received in 2013 became a lien on December 31, 2011, were levied after October 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value.

The full tax rate for all District operations for the years ended December 31, 2011 and 2010 was \$1 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2013 and 2012 property tax receipts were based are as follows:

| <u>Real Property</u> | <u>2013</u> | <u>2012</u> |
|----------------------------------|-----------------------------|-----------------------------|
| Residential/Agriculture | \$779,588,170 | \$777,747,010 |
| Other Real Property | 115,323,240 | 115,469,460 |
| Public Utility Personal Property | <u>23,640,800</u> | <u>23,432,050</u> |
| Total Assessed Value | <u>\$918,552,210</u> | <u>\$916,648,520</u> |

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 6 – Risk Management

Risk Pool Membership

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

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, 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 equity at December 31, 2012 and 2013

| | 2012 | 2013 |
|-----------------|--------------------|--------------------|
| Assets | \$13,100,381 | \$13,774,304 |
| Liabilities | <u>(6,687,193)</u> | <u>(7,968,395)</u> |
| Members' Equity | \$ 6,413,188 | \$ 5,805,909 |

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 a cost of 4% of the premium from 11-1-2011 thru 10-31-2012, 8% of the premium from 11-1-2012 thru 10-31-2013 and 12% of the premium from 11-1-2013 thru 10-31-2014 per the current Collective Bargaining Agreement for full-time employees through private carriers.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 7 – 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which 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 Pension 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. Interested parties may obtain a copy visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, 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 2012 member contribution rates were 10.00% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.50% and 12.10%, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12.00% and 12.60% respectively.

The 2012 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

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

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 7 – Defined Benefit Pension Plan (Continued)

For 2013 and 2012, the District's members of all three OPERS plans were required to contribute 10% of their annual covered salaries. The District picked up the employee's required 10% portion in 2012 and began requiring the employee to pick up the employee 10% portion beginning in 2013. The District's contribution rate for pension benefits for 2013 and 2012 was 14%. 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 year ended December 31, 2013 was \$19,099 and \$33,143 for 2012. The December liability was paid in the January of 2013 and 2012. The full amounts have been contributed to OPERS for 2013 and 2012.

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.

Effective July 2, 2013 plan members were required to contribute 10.75% of their annual covered salary. For January 1, 2013 to July 1, 2013, fiscal year 2012 and fiscal year 2011 plan members were required to contribute 10.00% of their annual covered salary. For 2013, 2012, and 2011 employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The District's contributions to OP&F for the years ending December 31, 2013, 2012, and 2011 were \$1,990,395; \$1,796,100; and \$1,537,101, respectively. The full amount has been contributed for 2013, 2012 and 2011.

Note 8 – 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 maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, 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.

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 45.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 8 – Post-Employment Benefits (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

1. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The rates stated in Section B, 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 calendar year 2012 by 0.2857 for state and local employers, and 0.2210 for law enforcement and public safety employers.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 8 – Post-Employment Benefits (Continued)

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

2. Information from Employer's Records

The rates stated in Section B, 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 calendar year 2012 by 0.2857 for state and local employers, and 0.2210 for law enforcement and public safety employers.

3. OPERS Retirement Board Implements its Health Care Preservation Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 8 – Post-Employment Benefits (Continued)

1. Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85% of covered payroll from June 1, 2013 thru December 31, 2013. For the years ended December 31, 2012 and 2011, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The District's contributions to OP&F for the years ending December 31, 2013, 2012, and 2011 were \$1,990,395; \$1,796,100; \$1,537,101, respectively, of which \$309,929; \$505,153 and \$431,925, respectively, was allocated to the healthcare plan.

Note 9 - Changes in Accounting Principles

For 2013 and 2012, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62," GASB Statement No. 69, "Government Combinations and Disposals of Government Operations," and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees."

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 9 - Changes in Accounting Principles (Continued)

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, and transfers of operations.

Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive non exchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

Note 9 - Changes in Accounting Principles (Continued)

The implementation of GASB Statements No. 62, 65, 66, 69, and 70 had no effect on the financial statements.

The implementation of GASB Statement No. 63 resulted in some terminology changes in the basic financial statements, but had no effect on beginning net position.

Note 10 – Contingent Liabilities

The District is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District's financial condition.



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Licking Joint Fire District, Licking County, Ohio (the District), as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 9, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

March 9, 2015

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Material Weakness - Financial Reporting

The following reclassifications and adjustments were made to the December 31, 2012 financial statements and, where applicable, the accounting records:

- Reclassification of \$108,736 unassigned fund balance to assigned fund balance in the General Fund for outstanding encumbrances.
- Reclassification of \$1,269,271 unassigned fund balance to assigned fund balance in the General Fund for future appropriations that exceeded estimated receipts.
- Adjustment of \$1,935 to beginning fund balance in the General Fund and 1 MIL Special Levy Fund to reverse an erroneous adjustment that was made to the accounting ledgers.
- Reclassification of \$991,249 Miscellaneous and Other Local Taxes to Intergovernmental revenue for Government Type Activities for revenue that was not properly rolled up to the Statement of Activities.
- Reclassification of \$762,362 Public Safety to General Government expenditures for Government Type Activities for revenue that was not properly rolled up to the Statement of Activities.

The following reclassifications were made to the December 31, 2013 financial statements and, where applicable, the accounting records:

- Reclassification of \$66,141 unassigned fund balance to assigned fund balance in the General Fund for outstanding encumbrances.
- Reclassification of \$1,710,624 unassigned fund balance to assigned fund balance in the General Fund for future appropriations that exceeded estimated receipts.
- Reclassification of \$826,955 Public Safety to General Government expenditures for Government Type Activities for expenditures that were not properly rolled up to the Statement of Activities.
- Reclassification of \$1,066,543 Other Local Taxes and Operating Grants to Intergovernmental for Government Type Activities for revenue that was not properly rolled up to the Statement of Activities.

In addition, forty-four (44) corrections were made to the Management Discussion and Analysis (MD&A) and seventeen (17) to the Notes to the Financial Statements.

We recommend that policies and procedures be implemented for a review process that includes an independent source to ensure that similar errors are not reported on financial statements in subsequent years. Such procedures may include the reviewing the accuracy of financial statement components and all other related supplemental information as well as comparisons of current financial information to prior audit years for obvious errors or omissions.

Officials' Response

We are in the process of taking steps to correct these issues and working with UAN to see what steps need to be done to correct this.

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Dave Yost • 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
APRIL 7, 2015**