



Dave Yost • Auditor of State

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Western Reserve Joint Fire District
Mahoning County
111 South Main Street
Poland, OH 44514

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Western Reserve Joint Fire District, Mahoning County, Ohio (the Fire District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Fire 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 1 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 Fire 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 Fire 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 and each major fund of Western Reserve Joint Fire District, Mahoning County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General and SAFER Grant funds thereof for the year then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 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

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, 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 August 23, 2016, on our consideration of the Fire 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 Fire District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

August 23, 2016

WESTERN RESERVE JOINT FIRE DISTRICT

MAHONING COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

UNAUDITED

This discussion and analysis of Western Reserve Joint Fire District's, Mahoning County, (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the District's financial activities as a whole; along with the review of the basic financial statements for the reader to enhance their understanding of the District's financial activities.

Financial Highlights

Key highlights for 2013 are as follows:

- The District's total net position decreased by \$849,174 (-55%). The decrease is primarily due to the use of proceeds from a loan obtained in 2012 for fire equipment and building improvements. \$995,114 of which was assigned at December 31, 2012 for capital improvements were used or otherwise unassigned during 2013.
- The District's cash receipts decreased by \$1,434,758. This decrease was primarily due to loan proceeds of \$1,474,761 that were included in the 2012 receipts.
- Local taxes comprised approximately 74% of current year general receipts. Local tax receipts for 2013 did not change significantly as compared to 2012. The increase in local tax receipts was \$7,075 for the year ended 2013 as compared to 2012.

Using the Basic Financial Statements

The annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board 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.

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

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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. 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

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities display information about the District as a whole. This statement includes the financial activities of the primary government. The statement distinguishes between those activities of the District that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

These two statements report the District's net position and changes in 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. It tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, nonfinancial information such as changes in property tax base and other local taxes, condition of assets, and the extent of any debt obligations will also need to be taken into consideration.

The statement of net position and the statement of activities present one type of activity:

Governmental activities: generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

Reporting the Government's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major fund – not the entity as whole. The District may establish separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. For 2013 the District had the following fund types as described below.

1. General Fund

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

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

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purpose provided it is expended or transferred according to the general laws of Ohio.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. During 2013, the District received \$96,435 from a SAFER Grant. The Staffing for Adequate Fire and Emergency Response (SAFER) Grants was created to provide funding directly to fire departments and volunteer firefighter interest organizations to help them increase the number of firefighters and EMS personnel available in their communities.

3. Capital Levy Funds

This fund accounts for and reports financial resources restricted for capital outlay projects or to pay back capital improvement loan advances and associated interest. During 2013 the District received \$347,236 from a Capital Improvement Levy.

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
Assets		
Cash and Cash Equivalents	\$ 696,594	\$ 1,545,768
Liabilities	-	-
Net Position		
Restricted	406,455	409,478
Assigned	-	995,114
Unrestricted	290,139	141,176
Total Net Position	\$ 696,594	\$ 1,545,768

The District's net position decreased by \$849,174 during 2013 primarily due to the use of assigned loan proceeds from the prior year in the amount of \$995,114.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

UNAUDITED

Table 2 reflects changes in Net Position for Governmental Activities.

(Table 2)

Changes in Net Position

	Governmental Activities	
	2013	2012
Cash Receipts:		
Local Taxes	\$ 822,993	\$ 817,328
Intergovernmental Revenue	249,594	211,880
Earnings on Investments	\$ 316	391
Miscellaneous	37,704	2,671
Loan Proceeds	-	1,513,095
Total Revenues	1,110,607	2,545,365
Program Expenses		
Security of Persons & Property	245,898	241,648
General Government	312,847	992,169
Capital Outlay	965,424	
Other	110,612	209,167
Interest & Fiscal	325,000	-
Total Expenses	1,959,781	1,442,984
Change in Net Position	(849,174)	1,102,381
Net Position Beginning of Year	1,545,768	443,388
Net Position End of Year	\$ 696,594	\$ 1,545,769

Local taxes comprise 74% of total general receipts. The District received \$96,435 in special revenue funding in the form of a SAFER grant and a \$8,970 State Fire Marshall grant during 2013. Grant receipts will vary from year to year and are unpredictable.

Disbursements for general government make up the majority of expenditures for the District. These expenditures are mostly made up of utilities, supplies, repairs, insurance and purchases of tools, machinery and equipment.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

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Governmental Activities

The District's statement of activities represents a detail of the cash received by the District for the purpose of providing services by the District and the related costs of providing those services. 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. General cash receipts are largely comprised of collection of local taxes. The District's dependence upon tax receipts is apparent since 74 % of general receipts are from local taxes. The special revenue column is normally comprised of grants to be utilized for a specific purpose. The District received \$96,435 in special revenue funding in the form of a SAFER grant and an \$8,970 State Fire Marshall Grant during 2013. Grant funding can vary from year to year.

The District's Funds

General

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. General Fund receipts were less than disbursements by \$846,151.

Special Revenue

These funds account for proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. During 2013, the District received \$96,435 from a SAFER grant to provide funding directly to fire departments and volunteer firefighter interest organizations to help them increase the number of firefighters and EMS personnel available in their communities.

Capital Improvement

This fund accounts for and reports receipts from a Capital Improvement Levy restricted for capital outlay projects or to make payments on loan advances used for capital projects.

Fire District Budgeting Highlights

The District's board waived its budgetary requirements for the year ended December 31, 2013. However, the District does utilize appropriations as a method of authorization to spend resources and set limits on disbursements.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

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<u>Budgeted vs. Actual Receipts</u>	<u>General</u>	<u>FEMA SAFER Grant</u>	<u>Capital Improvements</u>
Budgeted Receipts	\$ 616,038	\$ 475,000	\$ 347,534
Actual Receipts	<u>\$ 666,936</u>	<u>\$ 96,435</u>	<u>\$ 347,236</u>
Variance - Favorable	<u>\$ 50,898</u>	<u>\$ (378,565)</u>	<u>\$ (298)</u>
<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>			
Appropriation Authority	\$ 993,000	\$ 475,000	\$ 685,000
Budgetary Expenditures	<u>\$ 1,513,087</u>	<u>\$ 121,694</u>	<u>\$ 325,000</u>
Variance - Favorable (Unfavorable)	<u>\$ (520,087)</u>	<u>\$ 353,306</u>	<u>\$ 360,000</u>

The actual expenditures in the General Fund for Security of Persons and Property were \$12,102 less than appropriations, actual expenditures for other disbursements were \$39,388 less than appropriations, and actual expenditures for General Government were \$571,577 more than appropriations.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets (acquisitions of property, plant and equipment) as disbursements. The district had capital outlay disbursements of \$965,424 during the fiscal year 2013.

Debt

As of year ended December 31, 2013, the District had debt in the amount of \$1,171,754 on a promissory note to be used for capital outlays. Payments on this debt are to be made from the Capital Levy Fund.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

UNAUDITED

Current Issues

The District relies almost entirely on the tax levies approved by the voters. The District also attempts to obtain grant funding that is available. The District attempts to provide the best service to its citizens in the most cost effective manner.

Contact Information

This financial report is designed to provide a general overview of the District's finances and to reflect the accountability for the monies it receives. Questions concerning any of the information in the report or requests for additional information should be directed to Mr. Peter L. Johnson, Fiscal Officer, Western Reserve Joint Fire District, Mahoning County, 111 South Main Street, Poland, Ohio 44514.

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**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

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

Assets	
Cash and Cash Equivalents	<u>\$ 696,594</u>
Net Position	
Restricted for:	
Capital Projects	367,261
Other Purposes	39,194
Unrestricted	<u>290,139</u>
Total Net Position	<u><u>\$ 696,594</u></u>

See accompanying notes to the basic financial statements.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

***STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013***

	<u>Cash Disbursements</u>	<u>Net (Disbursements) Receipts and Changes in Net Position</u>
Governmental Activities		<u>Governmental Activities</u>
Security of Persons and Property	\$ 245,898	\$ (245,898)
General Government	312,847	(312,847)
Capital Outlay	965,424	(965,424)
Other	110,612	(110,612)
Debt Service:		
Redemption of Principal	303,007	(303,007)
Interest	21,993	(21,993)
	<u>\$ 1,959,781</u>	<u>(1,959,781)</u>
<i>Total Governmental Activities</i>		
		General Receipts
		Local Taxes 822,993
		Intergovernmental 249,594
		Earnings on Investments 316
		Miscellaneous 37,704
		<u>1,110,607</u>
		<i>Total General Receipts</i>
		Change in Net Position (849,174)
		<i>Net Position Beginning of Year</i> <u>1,545,768</u>
		<i>Net Position End of Year</i> <u>\$ 696,594</u>

See accompanying notes to the basic financial statements.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

***STATEMENT OF ASSETS AND FUND BALANCE
GOVERNMENTAL FUND - CASH BASIS
DECEMBER 31, 2013***

	<u>GENERAL</u>	<u>FEMA SAFER GRANT</u>	<u>CAPITAL IMPROVEMENT</u>	<u>TOTAL FUNDS</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$290,139	\$39,194	\$367,261	\$696,594
<i>Total Assets</i>	<u>\$290,139</u>	<u>\$39,194</u>	<u>\$367,261</u>	<u>\$696,594</u>
Fund Balances				
Restricted:				
Restricted for Capital Improvements	\$0	\$0	\$367,261	\$367,261
Restricted by Grantor	-	39,194	-	39,194
Unassigned:				
Unassigned Balance, Reported in:				
General Fund	290,139	-	-	290,139
<i>Total Balance</i>	<u>\$290,139</u>	<u>\$39,194</u>	<u>\$367,261</u>	<u>\$696,594</u>

See accompanying notes to the basic financial statements.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

***COMBINED STATEMENT OF CASH RECEIPTS, CASH
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES ALL
GOVERNMENTAL FUND TYPES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013***

	General	FEMA SAFER Grant	Capital Improvement	(Memo Only)
Cash Receipts				
Local Taxes	\$ 528,486	\$ -	\$ 294,507	\$ 822,993
Intergovernmental	100,430	96,435	52,729	249,594
Earnings on Investments	316	-	-	316
Miscellaneous	37,704	-	-	37,704
Total Receipts	666,936	96,435	347,236	1,110,607
Cash Disbursements				
Current:				
Security of Persons and Property	245,898	-	-	245,898
General Government	191,153	121,694	-	312,847
Capital Outlay	965,424	-	-	965,424
Other	110,612	-	-	110,612
Debt Service:				
Redemption of Principal	-	-	303,007	303,007
Interest	-	-	21,993	21,993
Total Disbursements	1,513,087	121,694	325,000	1,959,781
Excess of Receipts Over (Under) Disbursements	(846,151)	(25,259)	22,236	(849,174)
Net Change in Fund Balance	(846,151)	(25,259)	22,236	(849,174)
Fund Cash Balances, January 1	1,136,290	64,453	345,025	1,545,768
<i>Fund Cash Balances, December 31</i>	\$ 290,139	\$ 39,194	\$ 367,261	\$ 696,594

See accompanying notes to the basic financial statements.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 572,865	\$ 572,865	\$ 620,196	\$ 47,331
Intergovernmental	8,285	8,285	8,970	685
Interest	292	292	316	24
Other	34,596	34,596	37,454	2,858
<i>Total receipts</i>	<u>616,038</u>	<u>616,038</u>	<u>666,936</u>	<u>50,898</u>
Disbursements				
Current:				
Security of Persons and Property	258,000	258,000	245,898	12,102
General Government	210,000	210,000	191,153	18,847
Capital Outlay	375,000	375,000	965,424	(590,424)
Other	150,000	150,000	110,612	39,388
<i>Total Disbursements</i>	<u>993,000</u>	<u>993,000</u>	<u>1,513,087</u>	<u>(520,087)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(376,962)</u>	<u>(376,962)</u>	<u>(846,151)</u>	<u>(469,189)</u>
<i>Fund Balance Beginning of Year</i>	<u>1,136,290</u>	<u>1,136,290</u>	<u>1,136,290</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>757,010</u>	<u>757,010</u>	<u>757,010</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 1,516,338</u></u>	<u><u>\$ 1,516,338</u></u>	<u><u>\$ 1,047,149</u></u>	<u><u>\$ (469,189)</u></u>

See accompanying notes to the basic financial statements

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*
SAFER Grant
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Intergovernmental	\$ 475,000	\$ 475,000	\$ 96,435	\$ (378,565)
<i>Total receipts</i>	<u>475,000</u>	<u>475,000</u>	<u>96,435</u>	<u>(378,565)</u>
Disbursements				
Current:				
General Government	475,000	475,000	121,694	353,306
<i>Total Disbursements</i>	<u>475,000</u>	<u>475,000</u>	<u>121,694</u>	<u>353,306</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>(25,259)</u>	<u>(25,259)</u>
<i>Fund Balance Beginning of Year</i>	<u>64,453</u>	<u>64,453</u>	<u>64,453</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 64,753</u></u>	<u><u>\$ 64,753</u></u>	<u><u>\$ 39,494</u></u>	<u><u>\$ (25,259)</u></u>

See accompanying notes to the basic financial statements

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1 – Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Western Reserve Joint Fire District, Mahoning County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the district. Each political subdivision within the District appoints two members with the fifth member being appointed by each on alternating years. Those subdivisions are Poland Township and Poland Village.

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

The reporting entity is comprised of the 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 protection and rescue services within the District and by contract to areas outside the District.

B. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when cash is paid rather than when a liability is incurred.

The 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.

C. 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.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 1 – 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. This statement includes the financial activities of the primary government. The statement distinguishes between those activities of the District that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

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 one operating fund. 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.

D. Fund Accounting

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

General

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 and can be comprised of Assigned and Unassigned Funds.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 1 – Summary of Significant Accounting Policies(continued)

Special Revenue

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant special revenue funds:

FEMA SAFER FUND – This fund received money from a federal grant to be used for recruitment increase the number of firefighters and EMS personnel available in their communities.

Capital Levy Funds

This fund accounts for and reports receipts from a Capital Improvement Levy restricted for capital outlay projects or to make payments on loan advances for capital projects.

D. Cash and Investments

The accounting basis includes investments as assets. Accordingly, investment purchases are not recorded as disbursements, and investment sales are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The District has an interest bearing sweep checking account that invests in overnight repurchase agreements. Interest earned is recognized and recorded when received. Interest credited to the General Fund during 2013 was \$316.

E. Budgetary Process

All funds, except agency 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 ordinance, 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.

Appropriations: The appropriations ordinance 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 fund, department, and object level for all funds. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Estimated Resources: 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.

Encumbrances: 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.

F. Fund Balance

For December 31, 2013, fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

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

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

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

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

G. 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.

H. 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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

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

J. Net Assets

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

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

K. Property, Plant and Equipment

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

L. Estimates

The cash basis of accounting used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 - 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 difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$64,168, which includes general funds.

Note 3 - Deposits and Investments

Deposits: Monies held by the District are classified by State statute as Active monies. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. The District has balances at a financial institution that for the year ended December 31, 2013 exceeding the FDIC limits of \$250,000. As of December 31, 2013, \$467,817 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution or agent, but not in the District's name.

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the District by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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's financial institution transfers securities to the District's agent to collateralize repurchase agreements. The securities are not in the District's name. However, the District is provided Required Notice of Security Ownership on Daily Repurchase Account statements from their Bank confirming the repurchase agreement and stating the District's collateralized position.

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 has a formalized written investment policy.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 3 - Deposits and Investments (continued)

	December 31, 2013
Demand deposits	<u>\$ (21,123)</u>
Total deposits	(21,123)
Repurchase agreement	<u>717,717</u>
Total investments	717,717
Total deposits and investments	<u><u>\$ 696,594</u></u>

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

Note 4 - 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 December 31, 2011, 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.

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

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 5 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Covered risks include comprehensive property, general liability, automobile, crime, emergency apparatus, portable equipment, and umbrella. At a minimum of every year the District reviews insurance coverage. The District has maintained its insurance with the same insurance carrier for a period in excess of five years.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The District is in a group rating plan administered by Comp Management for State Workers' Compensation. The District's rate is based on accident history and administrative costs.

Note 6 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is 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. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2013, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 12.6 percent of their annual covered salary; members in public safety contributed 12.0 percent. The District's contribution rate for pension benefits for 2013 was 14.0 percent of covered payroll (18.10 percent for law enforcement or public safety wages). The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$12,982, \$11,910 and \$11,606 respectively. The full amount has been contributed for 2013, 2012, and 2011.

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 6 - Defined Benefit Pension Plan (continued)

Social Security System

All employees not otherwise covered by the Ohio Public Employees Retirement System are required to contribute to Social Security and Medicare. The District's liability is 7.65% of wages paid.

Note 7 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB *Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2013 local government employer contribution rate was 14.0 percent of covered payroll (18.1 percent for public safety and law enforcement). For 2013, the employer contribution allocated to the health care plan was 1.0 percent of covered payroll.

Benefits are advance-funded using the entry age normal actuarial cost method.

You may refer to the OPERS website, at www.opers.org, for more information.

Note 8 – Note Payable

During fiscal year 2012 the District borrowed \$1,474,761 on a \$1,500,000, 2.68% sixty (60) month unsecured commercial loan from Farmers National Bank to purchase fire equipment and make building improvements.

The loan is to be paid back in five annual installments of principal and interest in the amount of \$325,000 on the 9th of May starting in 2013 and on the same day each year after. A final payment of the entire unpaid principal and interest will be due May 9, 2017.

At December 31, 2013 the balance on this loan was \$1,171,754.



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

Western Reserve Joint Fire District
Mahoning County
111 South Main Street
Poland, OH 44514

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 cash-basis financial statements of the governmental activities and each major fund of the Western Reserve Joint Fire District, Mahoning County, Ohio (the Fire District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements and have issued our report thereon dated August 23, 2016, wherein we noted the Fire 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 Fire District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Fire District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2013-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Fire 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*.

Fire District's Response to Findings

The Fire District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Fire 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 Fire District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

August 23, 2016

**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1. Financial Report

<i>Finding Number</i>	2013-001
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MATERIAL WEAKNESS

Sound financial reporting is the responsibility of the Fire District's management and is essential to ensure the information provided to the readers of the financial statements and all other related information is complete and accurate. The Fire District hired a firm to compile its OCBOA cash-basis financial statements.

- The *Statement of Net Position* was referred to the *Statement of Net Assets* throughout the report.
- The Management Discussion and Analysis did not include the tables for *Changes in Net Position* and *Statement of Activities*.
- Expenditures in the Statement of Activities were reported as Program Cash Receipts.
- Required budgetary statements were not included in the report. We also noted that while the Board has approved the Mahoning County Certificates of Estimated Resources each year and according to the Fiscal Officer, the District has used that document as the budget, estimated receipts were not entered into the Fire District's accounting system (Receipt Account Status Report).
- Homestead and Rollback monies were receipted as Local Taxes instead of Intergovernmental Revenue in the General Fund in the amount of \$91,160 and in the Capital Projects Fund in the amount of \$52,729.

Necessary adjustments/corrections were made to the report.

The Fiscal Officer should ensure all required information is included in the financial reports and ensure the terms of the contract with the compiler are understood by both parties.

The Fire District should record the estimated receipts as noted on the Mahoning County Certificate of Estimated Resources into the Receipt Account Status Report each year. This will help to ensure the District does not appropriate or expend monies that are not available.

Official's Response:

The Fire District is addressing this situation with Bodine, Perry CPA's.