



**B.S.T.&G. JOINT FIRE DISTRICT
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2018-2017

**B.S.T. & G. JOINT FIRE DISTRICT
DELAWARE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types- 12/31/2018	3
Notes to the Financial Statements, 12/31/2018	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types-12/31/2017	9
Notes to the Financial Statements, 12/31/2017	10
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17

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INDEPENDENT AUDITOR'S REPORT

B.S.T. & G. Joint Fire District
Delaware County
350 West Cherry Street
Sunbury, OH 43074

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the B.S.T. & G. Joint Fire District, Delaware County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such 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.

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

Efficient • Effective • Transparent

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

September 17, 2019

B.S.T. and G. Fire District
Delaware County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$2,284,183	\$0	\$2,284,183
Charges for Services	7,687	0	7,687
Intergovernmental	130,143	7,900	138,043
Assessed Valuation Charge	131,712	0	131,712
Earnings on Investments	20,650	0	20,650
Miscellaneous	234,316	0	234,316
<i>Total Cash Receipts</i>	<u>2,808,691</u>	<u>7,900</u>	<u>2,816,591</u>
Cash Disbursements			
Current:			
General Government	137,115	7,900	145,015
Public Safety	1,484,504	0	1,484,504
Capital Outlay	386,834	0	386,834
<i>Total Cash Disbursements</i>	<u>2,008,453</u>	<u>7,900</u>	<u>2,016,353</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>800,238</u>	<u>0</u>	<u>800,238</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	101	0	101
Sale of Asset	160,000	0	160,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>160,101</u>	<u>0</u>	<u>160,101</u>
<i>Net Change in Fund Cash Balances</i>	960,339	0	960,339
<i>Fund Cash Balances, January 1</i>	<u>1,411,050</u>	<u>0</u>	<u>1,411,050</u>
Fund Cash Balances, December 31			
Assigned	2,365,752	0	2,365,752
Unassigned	5,637	0	5,637
<i>Fund Cash Balances, December 31</i>	<u>\$2,371,389</u>	<u>\$0</u>	<u>\$2,371,389</u>

See accompanying notes to the financial statements

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of B.S.T. & G. Joint Fire District, Delaware County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

***State Grant Fund-** This fund was used to account for the Safety and Hygiene Grant received from the State of Ohio Bureau of Workers Compensation.

Basis of Accounting

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

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

Budgetary Process

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

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

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.

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,383,062	\$2,968,792	\$585,730
Special Revenue	\$7,900	\$7,900	\$0
Total	\$2,390,962	\$2,976,692	\$585,730

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,790,756	\$2,019,709	\$1,771,047
Special Revenue	\$7,900	\$7,900	\$0
Total	\$3,798,656	\$2,027,609	\$1,771,047

Note 4 – Deposit

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The District maintains a deposit pool of all funds. The carrying amount of deposits were \$2,371,389 at December 31, 2018

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

The District certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2018.

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

Social Security

Several District's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 10 – Assessed Valuation Charge

The Assessed Valuation Charge is an annual charge on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. Consistent with the Petition, the Authority levied an Assessed Valuation Charge of 4.5 mills which is intended to cover costs of acquisition, development and maintenance of land as well as debt service and operations. Since 2016, the Authority also levied a supplemental Assessed Valuation Charge of 4 mills on the total Assessed Valuation.

The Authority passed a resolution to pay amounts collected for the Assessed Valuation Charge in equal amounts to the City of Delaware, Berkshire Township and the B.S.T & G. Fire District. The District collected an assessed valuation charge of \$95,655 from the Authority for fiscal years 2017 and 2016.

During 2018, the District collected \$36,057 of the total assessed valuation charge of \$55,597 due by December 31, 2018. The remaining uncollected amount is not reflected as a receivable on the District's financial statements.

B.S.T. and G. Fire District
Delaware County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Totals (Memorandum Only)
Cash Receipts		
Property and Other Local Taxes	\$1,280,062	\$1,280,062
Charges for Services	6,859	6,859
Intergovernmental	118,047	118,047
Earnings on Investments	7,157	7,157
Miscellaneous	44,493	44,493
<i>Total Cash Receipts</i>	<u>1,456,618</u>	<u>1,456,618</u>
Cash Disbursements		
Current:		
General Government	127,039	127,039
Public Safety	1,176,170	1,176,170
Capital Outlay	679,476	679,476
<i>Total Cash Disbursements</i>	<u>1,982,685</u>	<u>1,982,685</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(526,067)</u>	<u>(526,067)</u>
Other Financing Receipts (Disbursements)		
Other Financing Sources	112	112
Other Financing Uses	(121)	(121)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9)</u>	<u>(9)</u>
<i>Net Change in Fund Cash Balance</i>	(526,076)	(526,076)
<i>Fund Cash Balance, January 1</i>	<u>1,937,126</u>	<u>1,937,126</u>
Fund Cash Balance, December 31		
Assigned	1,431,505	1,431,505
Unassigned (Deficit)	(20,455)	(20,455)
<i>Fund Cash Balance, December 31</i>	<u><u>\$1,411,050</u></u>	<u><u>\$1,411,050</u></u>

See accompanying notes to the financial statements

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of B.S.T. & G. Joint Fire District, Delaware County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Basis of Accounting

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

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

Budgetary Process

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

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

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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

A summary of 2017 budgetary activity appears in Note 3.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

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.

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 – Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,440,361	\$1,456,730	\$16,369
Total	\$1,440,361	\$1,456,730	\$16,369

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,377,787	\$2,006,616	\$1,371,171
Total	\$3,377,787	\$2,006,616	\$1,371,171

Note 4 – Deposit

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The District maintains a deposit pool of all funds. The carrying amount of deposits were \$1,411,050 at December 31, 2017.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

Note 6 – Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

The District certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2017.

Ohio Public Employees Retirement System

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

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

Social Security

Several District's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

B.S.T. & G. Joint Fire District
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017.

Note 9 – Assessed Valuation Charge

The Assessed Valuation Charge is an annual charge on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. Consistent with the Petition, the Authority levied an Assessed Valuation Charge of 4.5 mills which is intended to cover costs of acquisition, development and maintenance of land as well as debt service and operations. For 2017 and 2016 and, the Authority also levied a supplemental Assessed Valuation Charge of 4 mills on the total Assessed Valuation.

The Authority passed a resolution to pay amounts collected from the Assessed Valuation Charge in equal amounts to the City of Delaware, Berkshire Township and the B.S.T & G. Fire District. These distributions were to be received as assessed valuation charges in the amount of \$47,827.50 for both 2017 and 2016. These amounts were not received as of December 31, 2017.

OHIO AUDITOR OF STATE KEITH FABER



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

B.S.T. & G. Joint Fire District
Delaware County
350 West Cherry Street
Sunbury, OH 43074

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 cash balances, receipts, and disbursements by fund type of the B.S.T. & G. Joint Fire District, Delaware County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated September 17, 2019, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. .

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2018-001.

District's Response to Findings

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

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

September 17, 2019

**B.S.T. & G JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness/Noncompliance - Special Revenue Activity

Ohio Rev. Code § 5705.09(F) requires that a subdivision establish a special fund for each class of revenue derived from a source, other than general property tax, which the law requires to be used for a particular purpose.

Additionally, established by **Ohio Rev. Code § 5705.10(D)**, all revenue derived from a source other than the general property tax which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Contrary to **Ohio Rev. Code § 5705.09(F) and § 5705.10(D)**, in fiscal year 2018, State Grant monies received and expended were incorrectly recorded in the District's accounting system as Miscellaneous receipts in the General fund. The following adjustments were made to the District's financial statements to correct this missposting:

- \$7,900 of Miscellaneous receipts in the General fund was adjusted to Intergovernmental receipts in the Special Revenue fund.
- \$7,900 of Public Safety expenses in the General fund was adjusted to the Special Revenue fund.

Lack of internal controls and awareness of compliance requirements permitted the incorrect financial activity to occur. The failure to establish the required funds resulted in the material misstatement of financial statements and could result in the District violating their agreements with grantors.

We recommend the District review **§§ 5705.09(F) and 5705.10(D) of the Ohio Rev. Code** and implement controls over the process of establishing new funds and reporting activity for State and Federal Awards.

Officials' Response: The District will evaluate their controls to help ensure these errors do not occur going forward.

**B.S.T. & G JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 201
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2018-002

Material Weakness- Financial Statement Presentation

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

During 2018 and 2017, we identified the following financial statements errors which were subsequently adjusted to the financial statements:

- In 2018, the District incorrectly reported the Assigned fund balance of \$2,365,752 as Unassigned within the General Fund.
- In 2017, the District incorrectly reported an unassigned fund balance in the General Fund of \$1,411,050 rather than an Assigned fund balance of \$1,431,505 and unassigned fund balance of (\$20,455) within the General fund.
- In 2017, the beginning balance of the General Fund was overstated by \$1,428.
- In 2018, the District incorrectly classified \$160,000 of Other Financing Sources from Sale of Asset as Miscellaneous receipts in the General Fund.
- In 2018, the District incorrectly reported \$131,712 of Assessed Valuation Charges as Property Taxes in the General Fund.

In addition to the adjustments listed above, we identified immaterial misstatements ranging from \$13,744 to \$20,000 that we have brought to the District's attention that was not included as a financial statement adjustment, as well as, numerous errors and omissions in the footnotes that have been adjusted in the final report.

The District lacks reporting, monitoring and review procedures to help ensure receipts, expenditures and fund balances are properly classified on the financial statements. Presenting inaccurate financial information can result in significant modifications to the District's financial statements.

We recommend the District review current policies and procedures to enhance controls over recording transactions and financial reporting to help ensure information accurately reflects the activity of the District increasing the reliability of the financial data throughout the year.

Officials' Response: The District will evaluate their controls to help ensure these errors do not occur going forward.

OHIO AUDITOR OF STATE
KEITH FABER



B.S.T. & G. JOINT FIRE DISTRICT

DELAWARE 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
OCTOBER 8, 2019**