



Dave Yost • Auditor of State



AVR FIRE DISTRICT  
SENECA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) – General Fund For the Years Ended December 31, 2014 and 2013 .....	3
Notes to the Financial Statement.....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings.....	11
Schedule of Prior Audit Findings .....	13

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

AVR Fire District  
Seneca County  
221 South Main Street, P.O. Box 466  
Attica, Ohio 44807-0466

To the Board of Trustees:

### ***Report on the Financial Statement***

We have audited the accompanying financial statement and related notes of AVR Fire District, Seneca County, Ohio, (the District) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 statement is 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 statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statement, the District prepared this financial statement 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 statement 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 statement referred to above does 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, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of AVR Fire District, Seneca County, Ohio, as of December 31, 2014 and 2013, and its cash receipts and disbursements 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 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

October 15, 2015

**AVR FIRE DISTRICT  
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash Receipts</b>		
Property and Other Local Taxes	\$ 116,533	\$ 113,723
Charges for Services	950	950
Intergovernmental	33,806	26,846
Earnings on Investments	121	114
Miscellaneous	5,022	2,672
	<b>156,432</b>	<b>144,305</b>
<i>Total Cash Receipts</i>		
<b>Cash Disbursements</b>		
Security of Persons and Property:		
Salaries	23,810	27,047
Fringe Benefits	4,267	5,363
Materials and Supplies	18,104	9,022
Equipment	7,040	10,089
Other	63,593	47,607
Debt Service:		
Principal Retirement	43,514	41,431
Interest and Fiscal Charges	9,517	11,600
	<b>169,845</b>	<b>152,159</b>
<i>Total Cash Disbursements</i>		
<i>Net Change in Fund Cash Balance</i>	<b>(13,413)</b>	<b>(7,854)</b>
<i>Fund Cash Balance, January 1</i>	<b>64,971</b>	<b>72,825</b>
<b>Fund Cash Balance, December 31</b>		
Assigned	<b>\$ 51,558</b>	<b>\$ 64,971</b>

*The notes to the financial statement is an integral part of this statement.*

**This page intentionally left blank.**



**AVR FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2014 AND 2013**

**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 AVR Fire District, Seneca County, Ohio (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Venice Township, Reed Township and the Village of Attica. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

**B. Accounting Basis**

This financial statement follows 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 District 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.

**C. Budgetary Process**

The Ohio Revised Code requires the District to budget annually.

**1. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

**AVR FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2014 AND 2013  
(Continued)**

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**D. 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**AVR FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**E. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

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

	2014	2013
Demand deposits	\$51,558	\$64,971

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$133,992	\$156,432	\$22,440

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$201,723	\$169,845	\$31,878

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$133,992	\$144,305	\$10,313

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,816	\$152,159	\$54,657

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statement includes homestead and rollback amounts the State pays as Intergovernmental

**AVR FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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.

**5. Debt**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Note	\$144,209	5%

The District issued a note to purchase a new fire pumper truck to be used for fire protection of the District. The District will repay the loan in annual installments of \$53,031 over 8 years. The truck is collateral for the loan.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Note
2015	\$53,031
2016	53,031
2017	53,031
Total	\$159,093

**6. Retirement System**

The District's employees belong to 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. For 2014 and 2013, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2014.

**7. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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



# 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

AVR Fire District  
Seneca County  
221 South Main Street, P.O. Box 466  
Attica, Ohio 44807-0466

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 statement of AVR Fire District, Seneca County, Ohio, (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statement, and have issued our report thereon dated October 15, 2015 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 opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 through 2014-003 described in the accompanying schedule of findings to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statement is 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*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 15, 2015

**AVR FIRE DISTRICT  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

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

**FINDING NUMBER 2014-001**

**Material Weakness**

**Financial Reporting**

The District's management is responsible for the fair presentation of the financial statement. In addition, 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. Errors were noted in the financial statement, resulting in the following significant audit adjustments:

- Debt principal payment was not recorded in 2013 in the amount of \$41,431;
- Debt interest payment was recorded as principal in 2014 in the amount of \$9,517;
- Subsequent year appropriations over estimated receipts of \$51,558 in 2014 and \$64,971 in 2013 were classified as unassigned fund balance rather than assigned and;
- Intergovernmental receipts in the amount of \$9,527 in 2013 were recorded as miscellaneous receipts rather than intergovernmental receipts.

Additional errors were noted in smaller relative amounts. These errors were a result of inadequate policies and procedures in reviewing the financial statement. The accompanying financial statement and accounting records have been adjusted to correct these errors. To help ensure the District's financial statement and notes to the statement are complete and accurate, the District should adopt policies and procedures, including a final review of the annual report by the Board to identify and correct errors, omissions, and misclassifications. The District should also review AoS Bulletin 2011-004 for guidance on GASB Statement No. 54 requirements.

**FINDING NUMBER 2014-002**

**Material Weakness**

**Monthly Financial Reviews**

The Board should monitor the financial activity of the District on a regular basis. The Board does monitor and approve the payments of the District, but no evidence was provided of any controls or monitoring of receipts, or budget vs. actual information. This failure to monitor was caused by inadequate policies and procedures in reviewing the financial activity of the District. Failure to properly monitor the financial activity of the District can lead to errors being made without detection and was a contributing factor leading to the audit adjustments noted in Finding Number 2014-001.

We recommend the Board monitor the activity of the District on at least a monthly basis. These reviews should include monthly payments, receipts, bank reconciliations and budget vs. actual information. This review should also be evidenced by noting it in the minutes or a sign off on the forms.

**FINDING NUMBER 2014-003**

**Material Weakness**

**Bank Reconciliations**

Monthly bank reconciliations should be performed by the Fiscal Officer and reviewed and approved by the Board. The District Fiscal Officer did not complete the monthly reconciliations and have them reviewed and approved by the Board. This error was a result of inadequate policies and procedures in reviewing bank reconciliations. As a result of this error, the District's accounting system did not properly reconcile as the accounting system omitted a \$41,431 debt payment and \$1,323 in receipts. Failure to properly monitor cash reconciliations can lead to cash going un-reconciled without the Board's knowledge.

The accompanying financial statement and accounting system have been adjusted to correct these errors. We recommend the Fiscal Officer perform a monthly reconciliation consisting of fund balances, bank statements, a detail of outstanding checks and any other reconciling items on a monthly basis. The Board should review the reconciliation and document their approval either by signing the reconciliation or approving the reconciliation in their minutes.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.



AVR FIRE DISTRICT  
SENECA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Material weakness over financial reporting due to errors in financial statement.	No	Not corrected and repeated as Finding Number 2014-001.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**AVR FIRE DISTRICT**

**SENECA 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  
NOVEMBER 5, 2015**