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**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

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Dave Yost • Auditor of State

Board of Trustees
Basil Joint Fire District
410 Washington Street
Baltimore, Ohio 43105

We have reviewed the *Independent Auditor's Report* of the Basil Joint Fire District, Fairfield County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Basil Joint Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 19, 2017

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**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 16, 2017

Basil Joint Fire District
Fairfield County
410 Washington St.
Baltimore, OH 43105

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 **Basil Joint Fire District**, Fairfield County, (the District) as of and for the years ended December 31, 2016 and 2015.

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 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.

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

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, are presumed to be 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 permitted 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, 2016 and 2015, or 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 combined cash balances of Basil Joint Fire District, Fairfield County as of December 31, 2016 and 2015, and its combined 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2017, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$ 1,529,046	\$ -	\$ -	\$ 1,529,046
Charges for Services	-	186,895	-	186,895
Intergovernmental	220,028	-	-	220,028
Interest	3,612	-	-	3,612
Miscellaneous	357	-	-	357
Gifts	1,235	-	-	1,235
<i>Total Cash Receipts</i>	<u>1,754,278</u>	<u>186,895</u>	<u>-</u>	<u>1,941,173</u>
Cash Disbursements:				
Public Safety	1,871,842	173,738	-	2,045,580
<i>Total Cash Disbursements</i>	<u>1,871,842</u>	<u>173,738</u>	<u>-</u>	<u>2,045,580</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(117,564)	13,157	-	(104,407)
Other Financing Receipts/(Disbursements)				
Transfers In	-	-	25,000	25,000
Transfers Out	(25,000)	-	-	(25,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	(142,564)	13,157	25,000	(104,407)
<i>Fund Cash Balance, January 1</i>	<u>923,316</u>	<u>215,740</u>	<u>50,000</u>	<u>1,189,056</u>
Fund Cash Balance, December 31				
Restricted	-	228,897	-	228,897
Committed	81,837	-	75,000	156,837
Assigned	338,352	-	-	338,352
Unassigned	360,563	-	-	360,563
<i>Fund Cash Balance, December 31</i>	<u>\$ 780,752</u>	<u>\$ 228,897</u>	<u>\$ 75,000</u>	<u>\$ 1,084,649</u>

Notes to the Financial Statements are an integral part of this statement.

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$ 1,506,179	\$ -	\$ -	\$ 1,506,179
Charges for Services	-	172,256	-	172,256
Intergovernmental	219,298	-	-	219,298
Interest	4,642	-	-	4,642
Miscellaneous	13,106	-	-	13,106
Gifts	605	-	-	605
<i>Total Cash Receipts</i>	<u>1,743,830</u>	<u>172,256</u>	<u>-</u>	<u>1,916,086</u>
Cash Disbursements:				
Public Safety	1,851,514	169,270	-	2,020,784
<i>Total Cash Disbursements</i>	<u>1,851,514</u>	<u>169,270</u>	<u>-</u>	<u>2,020,784</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(107,684)	2,987	-	(104,698)
Other Financing Receipts/(Disbursements)				
Transfers In	-	-	25,000	25,000
Transfers Out	(25,000)	-	-	(25,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	(132,684)	2,987	25,000	(104,698)
<i>Fund Cash Balance, January 1</i>	<u>1,056,000</u>	<u>212,753</u>	<u>25,000</u>	<u>1,293,753</u>
Fund Cash Balance, December 31				
Restricted	-	215,740	-	215,740
Committed	81,837	-	50,000	131,837
Assigned	534,690	-	-	534,690
Unassigned	306,789	-	-	306,789
<i>Fund Cash Balance, December 31</i>	<u>\$ 923,316</u>	<u>\$ 215,740</u>	<u>\$ 50,000</u>	<u>\$ 1,189,056</u>

Notes to the Financial Statements are an integral part of this statement.

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Basil Joint Fire District, Fairfield County, Ohio, (the District) as a body corporate and politic. A five member Board of Trustees governs the District. Each political subdivision within the District appoints one voting member and one alternate member. Those subdivisions are Liberty Township and the Village of Baltimore. Three members are open to residents. 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:

EMS Billing Fund This fund expensed monies received from charges to residents for EMS runs.

Capital Project Fund The Capital Project Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Reserve Capital Equipment Fund This fund is held in reserve to help pay for Fire and EMS vehicles.

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.

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 2 – Summary of Significant Accounting Policies (Continued)

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. The County Budget Commission also approves the annual appropriation measure. 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 2016 and 2015 budgetary activity appears in Note 4.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The District maintains a "Reserve Fund to assist in payment of this liability." 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.

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Note 3 – Compliance

No budgetary violations during the audit period.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,650,000	\$ 1,754,278	\$ 104,278
Special Revenue	197,308	186,895	(10,413)
Capital Projects	25,000	25,000	-
Total	<u>\$ 1,872,308</u>	<u>\$ 1,966,173</u>	<u>\$ 93,865</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,184,690	\$ 1,969,922	\$ 214,768
Special Revenue	195,039	184,875	10,164
Total	<u>\$ 2,379,729</u>	<u>\$ 2,154,797</u>	<u>\$ 224,932</u>

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,614,337	\$ 1,743,830	\$ 129,493
Special Revenue	197,308	172,256	(25,052)
Capital Projects	25,000	25,000	-
Total	<u>\$ 1,836,645</u>	<u>\$ 1,941,086</u>	<u>\$ 104,441</u>

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 4 – Budgetary Activity (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,161,366	\$ 1,957,712	\$ 203,654
Special Revenue	185,947	177,182	8,765
Total	\$ 2,347,313	\$ 2,134,894	\$ 212,419

Note 5 – Deposits and Investments

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2016	2015
Deposits	\$ 436,876	\$ 562,406
Mutual Fund	607,115	604,277
Money Market	40,658	22,373
Total Deposits and Investments	\$ 1,084,649	\$ 1,189,056

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments

Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 6 – 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

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 11.5% of their wages from January 1, 2015 through June 30, 2015 and 12.25% of their wages from July 1, 2015 through December 31, 2016. The District contributed to OP&F an amount equal to 24% of full-time fighters' wages in 2016 and 2015. The District has paid all contributions required through December 31, 2016.

Ohio Public Employees Retirement System

One employee belongs 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%, 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, 2016.

Social Security

The District's part-time firefighters, EMT, and paramedic 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, 2016.

Note 9 – 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, and OPERS contributes 2 percent to fund these benefits.

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Transfers

During 2015, the following transfers were made:

	Transfers In	Transfers Out
General	\$ -	\$ (25,000)
Reserve Fund (Capital Equipment)	25,000	-
Total	\$ 25,000	\$ (25,000)

During 2016, the following transfers were made:

	Transfers In	Transfers Out
General	\$ -	\$ (25,000)
Reserve Fund (Capital Equipment)	25,000	-
Total	\$ 25,000	\$ (25,000)

During 2015, the District transferred money from the General Fund to the Reserve Fund (Capital Equipment) in order to reserve money for the purchase of Capital Equipment.

During 2016, the District transferred money from the General Fund to the Reserve Fund (Capital Equipment) in order to reserve money for the purchase of new Capital Equipment.

Transfers for both years were determined to be appropriate and in compliance with the Ohio Revised Code.



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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*

June 16, 2017

Basil Joint Fire District
Fairfield County
410 Washington St.
Baltimore, OH 43105

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 **Basil Joint Fire District**, Fairfield County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 16, 2017, 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 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 weakness or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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Compliance and Other Matters

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



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness

Fund and Fund Balance Classifications

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The Fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable Fund Balance – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted Fund Balance – The restricted classification is used when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e. State Statutes); or (b) imposed by law through constitutional provisions (City Charter) or enabling legislation.

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

Assigned Fund Balance – Assigned fund balance includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – Unassigned fund balance is the residential classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District did not classify fund balances in accordance with GASB 54 for the years ended December 31, 2016 and 2015.

The District has not formally adopted a policy to define whether the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Auditor of State Technical Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio governmental units and provides guidance on implementation.

The District established a reserve account in accordance with Ohio Revised Code Section 5705.13(B) to accumulate resources for the payment of accrued vacation and sick leave. The District included this activity in a Special Revenue Fund and should have been included in the General Fund.

The District established a reserve account in accordance with Ohio Revised Code Section 5705.13(C) to accumulate resources for future fire and EMS vehicle acquisitions. The District included this activity in a Special Revenue Fund and should have been classified as a Capital Projects Fund.

**BASIL JOINT FIRE DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-001 (Continued)

Material Weakness (Continued)

Fund and Fund Balance Classifications (Continued)

The District also had outstanding encumbrances in the General Fund at the end of both 2016 and 2015 that should have been classified as Assigned.

Fund balance for encumbrances and excess of appropriations over estimated receipts for the subsequent year for the General Fund were misclassified as Unassigned instead of Assigned in 2016 and 2015.

Numerous adjustments and reclassifications were required to be made to the financial statements to comply with the requirements of GASB 54. The accompanying financial statements represent all adjustments and reclassifications and the District has made the adjustments to their accounting system.

We recommend the District review the GASB 54 statement and Auditor of State Technical Bulletin 2011-004 and adopt the required fund balance policies. The policy should define whether the auditee considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. The District should also consult with the financial reporting account system provider to incorporate fund balance classifications into the accounting system. In addition, the accounting system provider may be able to assist the District by mapping the retirement reserve account into the general fund for reporting purposes and changing the fund classification for the capital reserve fund. This will ensure the District is able to prepare their annual financial report to comply with the requirements of GASB 54.

Management's Response – We did not receive a response from officials to this finding.



Dave Yost • Auditor of State

BASIL JOINT FIRE DISTRICT

FAIRFIELD 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
AUGUST 1, 2017**