



Dave Yost • Auditor of State



**PERRY JOINT FIRE DISTRICT  
LAKE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Perry Joint Fire District  
Lake County  
3742 Center Road  
Perry, Ohio 44081

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 Perry Joint Fire District, Lake County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016.

### ***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***

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, 2017 and 2016, 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 Perry Joint Fire District, Lake County as of December 31, 2017 and 2016, 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 August 31, 2018, 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

August 31, 2018

**Perry Joint Fire District**  
*Lake 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, 2017**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$2,882,086		\$0	\$0	\$2,882,086
Charges for Services	2,295	\$ 179,914			182,209
Intergovernmental	673,869	67,696			741,565
Earnings on Investments	17,901	0			17,901
Miscellaneous	73,515	2,486			76,001
<i>Total Cash Receipts</i>	<u>3,649,666</u>	<u>250,096</u>	<u>0</u>	<u>0</u>	<u>3,899,762</u>
<b>Cash Disbursements</b>					
Current:					
Public Safety	3,936,604	317,346	0	0	4,253,950
<i>Total Cash Disbursements</i>	<u>3,936,604</u>	<u>317,346</u>	<u>0</u>	<u>0</u>	<u>4,253,950</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(286,938)	(67,250)	0	0	(354,188)
<i>Fund Cash Balances, January 1</i>	2,107,113	989,679	38,331	43,760	3,178,883
<b>Fund Cash Balances, December 31</b>					
Restricted		922,429	38,331	43,760	1,004,520
Committed	209,817				209,817
Unassigned (Deficit)	1,610,358				1,610,358
<i>Fund Cash Balances, December 31</i>	<u>\$1,820,175</u>	<u>\$922,429</u>	<u>\$38,331</u>	<u>\$43,760</u>	<u>\$2,824,695</u>

*See accompanying notes to the basic financial statements*

**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Joint Fire District, Lake County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Perry Township, North Perry Village, and the Village of Perry. 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 Ambulance Billing Fund* – This fund receives collections of fees associated with providing ambulance services.

*Retirement Fund* – This fund receives money transferred in from the General Fund and is used as benefits are paid out upon retirement.

**Debt Service Funds:** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds:

*General Bond Retirement Fund* – This fund received a loan from North Perry Village and no payments are required until the District sells certain land parcels listed in the debt contracts.

**Capital Projects Funds:** These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital projects fund.

*Capital Projects Fund* – This fund accounts for capital equipment.



**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***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 (except certain agency funds) 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.

***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 canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***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 financial statements do not include a liability for unpaid leave.

**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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.

**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	\$3,570,110	\$3,649,666	\$79,556
Special Revenue	227,017	250,096	23,079
Total	\$3,797,127	\$3,899,762	\$102,635

**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,375,000	\$3,936,604	\$1,438,396
Special Revenue	1,455,817	317,346	1,138,471
Debt Service	38,331	0	38,331
Capital Projects	43,750	0	43,750
Total	\$6,912,898	\$4,253,950	\$2,658,948

**Note 4 – 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:

	2017
Demand deposits (Primary Checking)	\$83,218
Other time deposits (Money Market)	572,226
Total deposits	655,444
STAR Ohio	25,437
STAR Ohio Plus	1,123,223
5th 3rd Bank	1,020,591
Total investments	2,169,251
Total deposits and investments	\$2,824,695

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.; or collateralized through the Ohio Pooled Collateral System (OPCS).

The District's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial intuition still maintained its own collateral pool.

At December 31, 2017, \$517,728 of deposits were not insured or collateralized, contrary to Ohio law.

***Investments***

The District's financial intuition transfers securities to the District's agent to collateralize repurchase agreements.

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

**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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 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.

Public utilities are also taxed on personal and real property located within the District.

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**

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 (if material).

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

***Medical Insurance***

The District is a member of the Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Police and Fire Retirement System***

The District's 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% of their wages. The District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2017.

***Ohio Public Employees Retirement System***

A few 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.

**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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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, 2017.

**Social Security**

Several District 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.

**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, and OPERS contributes 2 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
North Perry Village Loan	\$50,000	0%
Total	<u>\$50,000</u>	

The District issued a loan with North Perry Village, but no payments are required until the District sells certain land parcels listed in the debt contracts.

**Note 10 – Subsequent Events**

The District is a member of the Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC). The District received notice that the OPEC-HC self-insurance cooperative agreement will expire on January 1, 2018, and the OPEC-HC will become non-operational as of that date. The District has obtained new medical insurance coverage effective January 1, 2018.

**Perry Joint Fire District**  
*Lake 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, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$2,811,963		\$0		\$2,811,963
Charges for Services	3,775	183,087			186,862
Licenses, Permits and Fees	0				0
Intergovernmental	719,412	510			719,922
Earnings on Investments	19,403				19,403
Miscellaneous	22,243	99,288		\$199	121,730
<i>Total Cash Receipts</i>	<u>3,576,796</u>	<u>282,885</u>	<u>0</u>	<u>199</u>	<u>3,859,880</u>
<b>Cash Disbursements</b>					
Current:					
Public Safety	3,789,613	85,054			3,874,667
Capital Outlay				297	297
<i>Total Cash Disbursements</i>	<u>3,789,613</u>	<u>85,054</u>	<u>0</u>	<u>297</u>	<u>3,874,964</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(212,817)</u>	<u>197,831</u>	<u>0</u>	<u>(98)</u>	<u>(15,084)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In		25,305		101	25,406
Transfers Out	(25,406)				(25,406)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,406)</u>	<u>25,305</u>	<u>0</u>	<u>101</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(238,223)</u>	<u>223,136</u>	<u>0</u>	<u>3</u>	<u>(15,084)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,345,336</u>	<u>766,543</u>	<u>38,331</u>	<u>43,757</u>	<u>3,193,967</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		989,679	38,331	43,760	1,071,770
Committed	209,817				209,817
Unassigned (Deficit)	1,897,296				1,897,296
<i>Fund Cash Balances, December 31</i>	<u>\$2,107,113</u>	<u>\$989,679</u>	<u>\$38,331</u>	<u>\$43,760</u>	<u>\$3,178,883</u>

See accompanying notes to the basic financial statements

**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Joint Fire District, Lake County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Perry Township, North Perry Village, and the Village of Perry. 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***

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*Capital Projects Fund* – This fund accounts for capital equipment.

**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***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 (except certain agency funds) 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.

***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 canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***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 financial statements do not include a liability for unpaid leave.



**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,574,824	\$3,576,796	\$1,972
Special Revenue	319,310	308,190	(11,120)
Capital Projects	300	300	0
Total	<u>\$3,894,434</u>	<u>\$3,885,286</u>	<u>(\$9,148)</u>

**Perry Joint Fire District**  
*Lake County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,325,000	\$3,815,019	\$509,981
Special Revenue	998,571	85,054	913,517
Debt Service	38,331	0	38,331
Capital Projects	43,750	297	43,453
Total	\$5,405,652	\$3,900,370	\$1,505,282

**Note 4 – 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
Demand deposits (Primary Checking)	\$161,395
Other time deposits (Savings and NOW accounts)	\$188,050
Other time deposits (Money Market)	376,808
Total deposits	726,253
STAR Ohio	25,167
STAR Ohio Plus	1,414,630
5th 3rd Bank	1,012,833
Total investments	2,452,630
Total deposits and investments	\$3,178,883

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.; or collateralized through the Ohio Pooled Collateral System (OPCS).

The District's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2016, the financial intuition still maintained its own collateral pool.

At December 31, 2016, \$245,687 of deposits were not insured or collateralized, contrary to Ohio law.

***Investments***

The District's financial intuition transfers securities to the District's agent to collateralize repurchase agreements.

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

**Perry Joint Fire District**  
*Lake County*  
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*For the Year Ended December 31, 2016*

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**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 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.

Public utilities are also taxed on personal and real property located within the District.

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**

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 (if material).

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

***Medical Insurance***

The District is a member of the Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Police and Fire Retirement System***

The District's 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% of their wages. The District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2016.

***Ohio Public Employees Retirement System***

A few 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.

**Perry Joint Fire District**  
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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**

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, 2016.

**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, and OPERS contributes 2 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
North Perry Village Loan	<u>\$50,000</u>	0%
Total	<u><u>\$50,000</u></u>	

The District issued a loan with North Perry Village, but no payments are required until the District sells certain land parcels listed in the debt contracts.



# 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*

Perry Joint Fire District  
Lake County  
3742 Center Road  
Perry, Ohio 44081

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 Perry Joint Fire District, Lake County, (the District) as of and for the year ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated August 31, 2018 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 2016-001.

***District's Response to Findings***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2018

**PERRY JOINT FIRE DISTRICT  
LAKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**1. Salary Overpayment**

<i>Finding Number</i>	2017-001
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NONCOMPLIANCE AND FINDING FOR RECOCERY REPAID UNDER AUDIT

**Ohio Rev. Code §505.38(A)** provides, in part, that in each township or fire district that has a fire department, the head of the department shall be a fire chief, appointed by the board of township trustees, except that, in a joint fire district, the fire chief shall be appointed by the board of fire district trustees. The board shall provide for the employment of firefighters as it considers best and shall fix their compensation.

The test of payroll transactions noted that Chief James McDonald's 2016 salary rate, as approved by the Board, was incorrectly entered into the payroll accounting system as a 2.5% salary increase instead of a 1.5% increase; the error increased his annual salary amount going forward. This resulted in the District over paying James McDonald by \$961 for 2016, \$913 for 2017 and \$267 for 2018, for a total overpayment of \$2,141. The District corrected the error in the payroll accounting system in April 2018.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against James McDonald in the amount of \$2,141. The finding for recovery was fully repaid under audit. James McDonald repaid \$2,141 to the District's General Fund on May 21, 2018.

Failure to properly calculate and review the annual salaries of employees can result in over/under payments to those employees and possible audit findings.

The District should review all employees' compensation to ensure the amounts being paid are based on the Board's approved rates, salary or collective bargaining agreements.

**Official's Response:** The Fiscal Officer will review all employee compensation thoroughly to ensure accuracy of the rates.

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# Dave Yost • Auditor of State

**PERRY JOINT FIRE DISTRICT**

**LAKE 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  
SEPTEMBER 18, 2018**