



OHIO AUDITOR OF STATE
KEITH FABER



WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Wyandot East Fire District
Wyandot County
P.O. Box 11
Nevada, Ohio 44849-0011

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 Wyandot East Fire District, Wyandot County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Additional Opinion Qualification

Charges for services emergency medical services receipts are reported at \$6,407 for the year ended December 31, 2017, which are 100 percent of Special Revenue fund type receipts for the year ended December 31, 2017. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements, as it relates to the Special Revenue fund referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Wyandot East Fire District, Wyandot County, Ohio as of December 31, 2017, for the year 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.

Unmodified Opinions

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 Wyandot East Fire District, Wyandot County, Ohio as of December 31, 2018 and for the General and Capital Project funds as of December 31, 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

December 16, 2019

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**Wyandot East Fire District
Wyandot County**

*Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$85,115		\$85,115
Charges for Services		\$12,904	12,904
Intergovernmental	22,023		22,023
Earnings on Investments	46		46
<i>Total Cash Receipts</i>	<u>107,184</u>	<u>12,904</u>	<u>120,088</u>
Cash Disbursements			
Current Disbursements:			
Public Safety	106,872	12,500	119,372
Capital Outlay	14,063		14,063
Debt Service:			
Principal Retirement	10,432		10,432
Interest and Fiscal Charges	1,979		1,979
<i>Total Cash Disbursements</i>	<u>133,346</u>	<u>12,500</u>	<u>145,846</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>(26,162)</u>	<u>404</u>	<u>(25,758)</u>
Other Financing Receipts			
Other Financing Sources	3,489		3,489
<i>Net Change in Fund Cash Balances</i>	(22,673)	404	(22,269)
<i>Fund Cash Balances, January 1</i>	<u>173,692</u>	<u>511</u>	<u>174,203</u>
Fund Cash Balances, December 31			
Restricted		915	915
Assigned	131,810		131,810
Unassigned	19,209		19,209
<i>Fund Cash Balances, December 31</i>	<u>\$151,019</u>	<u>\$915</u>	<u>\$151,934</u>

The notes to the financial statements are an integral part of this statement.

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2018*

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Wyandot East Fire District, Wyandot County, Ohio (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Antrim Township, Eden Township, Tod Township (Crawford County) and the Village of Nevada. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

Public Entity Risk Pool

The District participates a public entity risk. Note 6 to the financial statements provides additional information for this entity. 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 Fund This fund accounts for and reports 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 fund:

Ambulance and Emergency Medical Services Fund This fund receives EMS charges for services for the costs of the management, maintenance and operation of ambulance and emergency medical services in the District.

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)*

Basis of Accounting

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 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).

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

Budgetary Process

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

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

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.

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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Capital Assets

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

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.

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)*

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, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,096	\$110,673	\$18,577
Special Revenue	12,904	12,904	
Total	\$105,000	\$123,577	\$18,577

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$242,150	\$133,346	\$108,804
Special Revenue	12,500	12,500	
Total	\$254,650	\$145,846	\$108,804

Note 4 – Deposits

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

	2018
Demand deposits	\$116,044
Certificates of deposit	22,820
Other time deposits (savings and NOW accounts)	13,070
Total deposits	\$151,934

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Taxes

Property Taxes

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

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

Note 6 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Wyandot East Fire District
Wyandot County

Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (the latest information available).

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Some District employees contributed to Social Security. This plan provides retirement benefits, including

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2018
(Continued)*

survivor and disability benefits to participants.

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

Note 8 – Postemployment Benefits

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
Turnout Gear Loan	\$34,158	4.35%

On February 3, 2017, the District obtained a loan to finance the purchase of new turnout gear equipment in the amount of \$55,980. The District will repay the loan in annual installments of \$12,411, including interest, over 5 years. There is no collateral for this loan. This form of debt is not allowed in Ohio Rev. Code Chapter 133 or Ohio Rev. Code §505.401. Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Turnout Gear Loan
2019	\$12,411
2020	12,411
2021	12,411
Total	\$37,233

In addition to the debt described above, the District also pays a lease of \$700 a month to the Wyandot East Fire Department Volunteers for use of their building to store the District's equipment.

Note 10 – Compliance

Contrary to Ohio Rev. Code §505.371(C), District did not establish a separate Ambulance and Emergency Medical Services fund for emergency medical services receipts and corresponding public safety expenditures.

**Wyandot East Fire District
Wyandot County**

*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	Capital Project	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$84,717			\$84,717
Charges for Services		\$6,407		6,407
Intergovernmental	13,588			13,588
Earnings on Investments	7			7
<i>Total Cash Receipts</i>	<u>98,312</u>	<u>6,407</u>		<u>104,719</u>
Cash Disbursements				
Current Disbursements:				
Public Safety	68,491	5,896		74,387
Capital Outlay			\$55,980	55,980
Debt Service:				
Principal Retirement	14,697			14,697
Interest and Fiscal Charges	1,086			1,086
<i>Total Cash Disbursements</i>	<u>84,274</u>	<u>5,896</u>	<u>55,980</u>	<u>146,150</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>14,038</u>	<u>511</u>	<u>(55,980)</u>	<u>14,549</u>
Other Financing Receipts				
Other Debt Proceeds			55,980	55,980
Other Financing Sources	1,572			1,572
<i>Total Other Financing Receipts</i>	<u>1,572</u>		<u>55,980</u>	<u>57,552</u>
<i>Net Change in Fund Cash Balances</i>	15,610	511		72,101
<i>Fund Cash Balances, January 1</i>	<u>158,082</u>			<u>158,082</u>
Fund Cash Balances, December 31				
Restricted		511		511
Assigned	150,054			150,054
Unassigned	23,638			23,638
<i>Fund Cash Balances, December 31</i>	<u>\$173,692</u>	<u>\$511</u>		<u>\$174,203</u>

The notes to the financial statements are an integral part of this statement.

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2017*

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Wyandot East Fire District, Wyandot County, Ohio (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Antrim Township, Eden Township, Tod Township (Crawford County) and the Village of Nevada. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

Public Entity Risk Pool

The District participates a public entity risk. Note 6 to the financial statements provides additional information for this entity. The District's management believes these financial statements presents 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 Fund This fund accounts for and reports 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 fund:

Ambulance and Emergency Medical Services Fund This fund receives EMS charges for services for the costs of the management, maintenance and operation of ambulance and emergency medical services in the District.

Capital Project Fund This 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:

Capital Project Fund This fund received debt proceeds to be used for the purchase of new turnout gear.

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)*

Basis of Accounting

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 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).

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

Budgetary Process

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

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

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.

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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Capital Assets

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

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.

Wyandot East Fire District
Wyandot County

Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

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	\$90,193	\$99,884	\$9,691
Special Revenue	6,407	6,407	
Capital Projects		55,980	55,980
Total	\$96,600	\$162,271	\$65,671

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)*

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$212,734	\$84,274	\$128,460
Special Revenue	5,896	5,896	
Capital Projects		55,980	(55,980)
Total	\$218,630	\$146,150	\$72,480

Note 4 – Deposits

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

	2017
Demand deposits	\$138,346
Certificates of deposit	22,788
Other time deposits (savings and NOW accounts)	13,069
Total deposits	\$174,203

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Taxes

Property Taxes

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

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

Wyandot East Fire District
Wyandot County

Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 6 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

District 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.

**Wyandot East Fire District
Wyandot County**

*Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)*

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

Note 8 – Postemployment Benefits

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2017.

Note 9 – Debt

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
Turnout Gear Loan	\$44,590	4.35%

On February 3, 2017, the District obtained a loan to finance the purchase of new turnout gear equipment in the amount of \$55,980. The District will repay the loan in annual installments of \$12,411, including interest, over 5 years. There is no collateral for this loan. This form of debt is not allowed in Ohio Rev. Code Chapter 133 or Ohio Rev. Code §505.401.

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

Year Ending December 31:	Turnout Gear Loan
2018	\$12,411
2019	12,411
2020	12,411
2021	12,411
Total	\$49,644

In addition to the debt described above, the District also pays a lease of \$700 a month to the Wyandot East Fire Department Volunteers for use of their building to store the District's equipment.

Wyandot East Fire District
Wyandot County

Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

Note 10 – Compliance

Contrary to Ohio Rev. Code §505.371(C), District did not establish a separate Ambulance and Emergency Medical Services fund for emergency medical services receipts and corresponding public safety expenditures. Also contrary to Ohio Rev. Code § 5705.41(B), the Capital Projects fund had expenditures that exceeded appropriations by \$55,980 at December 31, 2017. Furthermore, during 2017, the District entered into a promissory note that was not a form of debt allowed in Ohio Rev. Code Chapter 133 or Ohio Rev. Code §505.401.

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OHIO AUDITOR OF STATE KEITH FABER



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

Wyandot East Fire District
Wyandot County
P.O. Box 11
Nevada, Ohio 44849-0011

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 Wyandot East Fire District, Wyandot County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 16, 2019, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as Special Revenue fund EMS charges for services for 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 through 2018-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-002 and 2018-004 through 2018-005.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

December 16, 2019

**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

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

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

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair representation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The financial statements presented by the District included the following errors:

- Intergovernmental receipts of \$1,600 in the General fund were improperly classified as other financing sources in 2017.
- In 2017, the District was the beneficiary of \$55,980 of debt proceeds and capital outlay expenditures sent directly to the vendor. The Fiscal Officer did not record these receipts and related disbursements as a Capital Project Fund in the District's accounting system.
- Debt principal payments of \$10,432 and \$14,697 and interest and fiscal charges of \$1,086 and \$1,979 in the General fund were improperly recorded as general government and public safety expenditures in 2018 and 2017, respectively.
- Public safety disbursements of \$46,976 and \$73,382 in the General fund were improperly recorded as general government expenditures in 2018 and 2017, respectively.
- Capital outlay disbursements of \$14,063 in the General fund were improperly recorded as general government expenditures in 2018.

These errors were the result of inadequate policies and procedures in reviewing the financial statements.

Failure to complete accurate financial statements could lead to the Board making misinformed decisions. The accompanying financial statements, notes to the financial statements and accounting records have been adjusted to correct these errors and other errors. Additional errors were noted in smaller relative amounts and for additional reasons.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and Board, to identify and correct errors and omissions.

FINDING NUMBER 2018-002

Noncompliance and Material Weakness

Ohio Rev. Code § 505.371(C) provides that the Board of Fire District trustees may establish reasonable charges for the use of ambulance or emergency medical services. The Board may establish different charges for residents and nonresidents of the District, and may waive, at its discretion, all or part of the charge for any resident of the District. Charges collected under this section shall be kept in a separate fund designated as the Ambulance and Emergency Medical Services fund and shall be appropriated and administered by the board. The fund shall be used for the payment of costs of the management, maintenance, and operation of ambulance and emergency medical services in the District.

The District did not establish a separate Ambulance and Emergency Medical Services fund for emergency medical services receipts of \$6,407 and \$12,904, and corresponding public safety expenditures of \$5,896 and \$12,500 in 2017 and 2018, respectively. Audit adjustments are reflected in the financial statements and in the accounting records correcting this misstatement.

The lack of controls over failing to establish a separate Ambulance and Emergency Medical Services fund decreases the reliability of financial data and can result in undetected errors and irregularities and could cause the District to spend funds restricted by Ohio Revised Code on improper disbursements. The District should record this activity in the Ambulance and Emergency Medical Services fund.

FINDING NUMBER 2018-003

Material Weakness – Deficient Accounting Records

Sound accounting practices provide that when designing the public office's system of internal control and specific control activities, management should consider the following:

- Ensure all transactions are properly authorized in accordance with management's policies;
- Ensure accounting records are properly designed and maintained;
- Ensure adequate security of assets and records;
- Plan for adequate segregation of duties or compensating controls;
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records;
- Perform analytical procedures to determine the reasonableness of financial data;
- Ensure the collection and completion of the data needed for the timely preparation of financial statements;
- Monitor activities performed by service organizations;

During 2018, the District switched from maintaining charges for services for emergency management services records themselves, to having a Service Organization administer and collect the charges for services.

During 2017, records were not adequately maintained by the District, and internal controls over the District's collection of charges for services for emergency management services receipts were not in place and operating effectively. For 2017, charges for services receipts totaling \$6,407 or 100% of all EMS charges for services did not have adequate supporting documentation. Furthermore, as there was no complete listing of EMS charges for services charged to patients during 2017, we were unable to test the completeness of these receipts. As a result of this weakness, we qualified our audit opinion over EMS charges for services.

Lack of controls and poor record keeping increases the risk of theft, fraud, or errors could occur and not be detected in a timely manner. Having no reliable source documentation to substantiate daily receipts inhibits the District's ability to ensure the completeness and accuracy of receipts.

The District should ensure adequate internal controls will be in place for the future and adequate accounting records are maintained.

FINDING NUMBER 2018-004

Noncompliance

Ohio Rev. Code Chapters 133 authorize certain methods by which subdivisions and may incur debt.

Ohio Rev. Code § 133.22, a subdivision may issue anticipatory-securities if it meets the requirements outlined in statute.

Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

Additionally, **Ohio Rev. Code § 505.401** provides additional borrowing authority for the board of trustees for fire districts organized under Ohio Rev. Code § 505.37(C). This section allows the fire district's board of trustees to issue bonds to acquire fire and rescue equipment, buildings and sites for the district or to construct or improve a building to house fire equipment.

In 2017, the District obtained a government obligation contract (loan) with a local bank and made principal payments of \$10,432 and \$14,697 in 2018 and 2017, respectively, to finance the purchase of new turnout gear equipment.

This type of debt does not meet the criteria for any of the debt allowed in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the District was not permitted to use such a method. The District had no statutory authority to incur debt through installment loans or promissory notes with any banking institution. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the District.

The District should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

FINDING NUMBER 2018-005

Noncompliance

Ohio Rev. Code § 5705.41(B) provides that “no subdivision shall make any expenditure of money unless it has been lawfully appropriated.”

On December 31, 2017, the Capital Projects fund did not have approved appropriations even though actual expenditures of \$55,980 were incurred.

Allowing expenditures to exceed appropriations could result in deficit spending. These errors were not identified and corrected prior to the audit due to deficiencies in the District’s compliance monitoring.

The District’s management officials should regularly monitor budgets to make sure there are sufficient appropriations to fund anticipated expenditures.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials’ Response:

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

OHIO AUDITOR OF STATE
KEITH FABER



WYANDOT EAST FIRE DISTRICT

WYANDOT 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
DECEMBER 31, 2019**