



**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
OR&W Fire District  
4210 Central Avenue  
Shadyside, OH 43947

We have reviewed the *Independent Auditor's Report* of the OR&W Fire District, Belmont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 18, 2023

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OR&W FIRE DISTRICT  
BELMONT COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

OR&W Fire District  
Belmont County  
4210 Central Avenue  
Shadyside, Ohio 43947

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the OR&W Fire District, Belmont County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

June 23, 2023

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 1,240,161	\$ -	\$ 1,240,161
Charges for Services	-	237,878	237,878
Intergovernmental	78,282	720	79,002
Interest	4,970	-	4,970
Miscellaneous	4,761	-	4,761
	<b>1,328,174</b>	<b>238,598</b>	<b>1,566,772</b>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current Disbursements:			
General Government	193,411	-	193,411
Public Safety	618,924	134,826	753,750
Debt Service:			
Principal Retirement	31,153	38,848	70,001
Interest and Fiscal Charges	24,075	4,036	28,111
	<b>867,563</b>	<b>177,710</b>	<b>1,045,273</b>
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	460,611	60,888	521,499
<i>Fund Cash Balances, January 1</i>	1,465,939	51,917	1,517,856
<i>Fund Cash Balances, December 31</i>	\$ 1,926,550	\$ 112,805	\$ 2,039,355

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

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of OR&W Fire District, Belmont County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District consisting of the following: one member of the Board of Township Trustees of Mead Township who is appointed by the said Board, one member of the Council of the Village of Shadyside who is appointed by the said Council, one member that is a resident of Mead Township living outside the Village limits of Shadyside appointed by the Board of Township Trustees of Mead Township, one member that is a resident of the Village of Shadyside appointed by the Council of the Village of Shadyside, and one member that is a resident of either Mead Township or Village of Shadyside elected by the vote of at least three of the four other members. 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:

***Fire and Rescue, Ambulance and EMS Service Fund*** This fund receives charges for services to provide fire protection and emergency medical services to Fire District residents.

***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 (C). 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 (C) permit.

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

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

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

A summary of 2022 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.

***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.

***Leases***

The District is the lessor/lessee in various leases (as defined by GASB 87) related to vehicles under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 2 – Summary of Significant Accounting Policies (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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,974,157	\$ 1,328,174	\$ (1,645,983)
Special Revenue	236,917	238,598	1,681
Total	\$ 3,211,074	\$1,566,772	\$ (1,644,302)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,911,000	\$ 867,563	\$ 2,043,437
Special Revenue	237,620	177,710	59,910
Total	\$ 3,148,620	\$ 1,045,273	\$ 2,103,347

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 4 – Deposits and Investments**

The District maintains a deposits 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:

	<u>2022</u>
Demand deposits	\$ 2,039,355

***Deposits***

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

**Note 5– Taxes**

***Property Taxes***

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

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***

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

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 – Defined Benefit Pension Plans**

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' ages. The District has paid all contributions required through December 31, 2022.

***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, 2022.

***Social Security***

Other 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, 2022.

**Note 8 – Postemployment Benefits**

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 9 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Ambulance Purchase Loan	\$ 122,378	2.49%
Fire Truck Lease Total	485,579	1.00%
	\$ 607,957	

The Fire District entered into a lease agreement to finance the purchase of a new truck in 2019. They make payments semi- annually concluding in 2034.

The Fire District entered into a loan agreement to finance the purchase of a new ambulance in 2021. They make payments annually concluding in 2025.

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

Year Ending December 31:	Ambulance Purchase Loan	Fire Truck Lease
2023	\$ 42,884	\$ 55,228
2024	42,884	55,228
2025	42,884	55,228
2026		55,228
2027		55,228
2028-2032		276,142
2033-2038		82,840
Total	\$ 128,652	\$ 635,124

**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the District had no unclaimed monies or outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the District did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 706,871	\$ -	\$ 706,871
Charges for Services	-	156,491	156,491
Intergovernmental	22,554	17,760	40,314
Interest	1,703	-	1,703
Miscellaneous	5,042	-	5,042
<i>Total Cash Receipts</i>	<u>736,170</u>	<u>174,251</u>	<u>910,421</u>
<b>Cash Disbursements</b>			
Current Disbursements:			
General Government	154,994	-	154,994
Public Safety	262,212	190,194	452,406
Capital Outlay		202,945	202,945
Debt Service:			
Principal Retirement	29,730	41,719	71,449
Interest and Fiscal Charges	25,498	1,165	26,663
<i>Total Cash Disbursements</i>	<u>472,434</u>	<u>436,023</u>	<u>908,457</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	263,736	(261,772)	1,964
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	-	202,945	202,945
Sale of Fixed Assets	-	20,000	20,000
Other Financing Sources	-	3,440	3,440
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>226,385</u>	<u>226,385</u>
<i>Net Change in Fund Cash Balances</i>	263,736	(35,387)	228,349
<i>Fund Cash Balances, January 1 (Restated- See Note 13)</i>	<u>1,202,203</u>	<u>87,304</u>	<u>1,289,507</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,465,939</u>	<u>\$ 51,917</u>	<u>\$ 1,517,856</u>

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

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of OR&W Fire District, Belmont County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District consisting of the following: one member of the Board of Township Trustees of Mead Township who is appointed by the said Board, one member of the Council of the Village of Shadyside who is appointed by the said Council, one member that is a resident of Mead Township living outside the Village limits of Shadyside appointed by the Board of Township Trustees of Mead Township, one member that is a resident of the Village of Shadyside appointed by the Council of the Village of Shadyside, and one member that is a resident of either Mead Township or Village of Shadyside elected by the vote of at least three of the four other members. 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:

***Fire and Rescue, Ambulance and EMS Service Fund*** This fund receives charges for services to provide fire protection and emergency medical services to Fire District residents.

***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 (C). 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 (C) permit.

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

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

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

A summary of 2021 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.

***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.

***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

***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.

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 742,462	\$ 736,170	\$ (6,292)
Special Revenue	185,000	397,196	212,196
Total	\$ 927,462	\$ 1,133,366	\$ 205,904

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,915,480	\$ 472,434	\$ 1,443,046
Special Revenue	272,604	432,583	(159,979)
Total	\$ 2,188,084	\$ 905,017	\$ 1,283,067

**OR&W Fire District**  
*Belmont County*  
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*For the Year Ended December 31, 2021*

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**Note 4 – Deposits and Investments**

The District maintains a deposits 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:

	<u>2021</u>
Demand deposits	\$1,517,856

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

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***

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

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – Defined Benefit Pension Plans**

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2021.

***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, 2021.

***Social Security***

Other 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, 2021.

**Note 8 – Postemployment Benefits**

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 9 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Ambulance Purchase Loan	\$ 161,226	2.49%
Fire Truck Lease Total	516,732	1.00%
	\$ 677,958	

The Fire District entered into a lease agreement to finance the purchase of a new truck in 2019. They make payments semi- annually concluding in 2034.

The Fire District entered into a loan agreement to finance the purchase of a new ambulance in 2021. They make payments annually concluding in 2025.

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

Year Ending December 31:	Ambulance Purchase Loan	Fire Truck Lease
2022	\$ 42,883	\$ 55,228
2023	42,884	55,228
2024	42,884	55,228
2025	42,884	55,228
2026		55,228
2027-2031		276,142
2032-2037		138,069
Total	\$ 171,535	\$ 690,353

**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the District had no unclaimed monies or outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**OR&W Fire District**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12– COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated

**Note 13 – Restatement of Beginning Fund Balance**

The Special Revenue Fund is being restated in 2021 due to 2020 checks that were voided in 2021. The restatement is as follows:

	Special Revenue Fund
Ending Fund Balance at December 31, 2020	\$ 87,192
Restatement	112
Restated Fund Balance January 1, 2021	<u>\$ 87,304</u>

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

OR&W Fire District  
Belmont County  
4210 Central Avenue  
Shadyside, Ohio 43947

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the OR&W Fire District, Belmont County, (the District) and have issued our report thereon dated June 23, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

June 23, 2023

OR&W FIRE DISTRICT  
BELMONT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

**Material Weakness**

**Financial Reporting**

The District is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2022 and 2021, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- A Property and Other Local Tax receipt was posted to Intergovernmental in 2021;
- Debt proceeds were not posted in the Fire and Rescue, Ambulance and EMS Service Fund in 2021;
- A Sale of Capital Asset receipt was posted to Miscellaneous in 2021; and
- A Miscellaneous receipt was posted to Other Financing Sources in 2022.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The District has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

**Officials' Response** – We did not receive a response from officials to this finding.

# OHIO AUDITOR OF STATE KEITH FABER



**OR&W FIRE DISTRICT**

**BELMONT COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 9/28/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)