



Dave Yost • Auditor of State



OR&W FIRE DISTRICT  
BELMONT COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the OR&W Fire District, Belmont County, Ohio (the Fire District), as of and for the years ended December 31, 2014 and 2013.

### ***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 § 117.38 and Ohio Administrative Code § 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 Fire 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 Fire District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the Fire District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 Fire 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 § 117.38 and Ohio Administrative Code § 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 Fire District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the OR&W Fire District, Belmont County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, on our consideration of the Fire 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 Fire District's internal control over financial reporting and compliance.



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

November 3, 2015

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$295,236	\$0	\$295,236
Charges for Services	0	174,359	174,359
Intergovernmental	67,459	43,448	110,907
Miscellaneous	12,701	65	12,766
	<u>375,396</u>	<u>217,872</u>	<u>593,268</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
General Government	64,841	0	64,841
Public Safety	156,610	70,891	227,501
	<u>221,451</u>	<u>70,891</u>	<u>292,342</u>
Excess Receipts Over Disbursements	<u>153,945</u>	<u>146,981</u>	<u>300,926</u>
<b>Other Financing Receipts:</b>			
Sale of Capitals Assets	<u>15,926</u>	<u>0</u>	<u>15,926</u>
Total Other Financing Receipts	<u>15,926</u>	<u>0</u>	<u>15,926</u>
Net Change in Fund Cash Balance	169,871	146,981	316,852
Fund Cash Balances, January 1	<u>228,516</u>	<u>184,546</u>	<u>413,062</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	331,527	331,527
Unassigned	<u>398,388</u>	<u>0</u>	<u>398,388</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$398,388</b></u>	<u><b>\$331,527</b></u>	<u><b>\$729,915</b></u>

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

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$297,652	\$0	\$297,652
Charges for Services	0	38,426	38,426
Intergovernmental	100,884	157,098	257,982
Miscellaneous	14,169	0	14,169
Total Cash Receipts	412,705	195,524	608,229
<b>Cash Disbursements:</b>			
Current Disbursements:			
General Government	59,327	0	59,327
Public Safety	124,862	10,978	135,840
Total Cash Disbursements	184,189	10,978	195,167
Excess Receipts Over Disbursements	228,516	184,546	413,062
Fund Cash Balances, January 1	0	0	0
<b>Fund Cash Balances, December 31</b>			
Restricted	0	184,546	184,546
Unassigned	228,516	0	228,516
<i>Fund Cash Balances, December 31</i>	<b><u>\$228,516</u></b>	<b><u>\$184,546</u></b>	<b><u>\$413,062</u></b>

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

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the OR&W Fire District, Belmont County, (the Fire District) as a body corporate and politic. A five-member Board of Trustees governs the Fire 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 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 the Village of Shadyside elected by the vote of at least three of the four other members. The District provides fire protection and emergency medical rescue services within the Fire District and by contract to areas outside the Fire District.

The Fire District's management believes these financial statements present all activities for which the Fire District is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Fund Accounting**

The Fire District uses fund accounting to segregate cash that is restricted as to use. The Fire District classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. 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 Fire District had the following significant Special Revenue Fund:

OR&W FIRE DISTRICT  
BELMONT COUNTY

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

1. **Summary of Significant Accounting Policies (Continued)**

C. **Fund Accounting (Continued)**

2. **Special Revenue Funds (Continued)**

*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.

D. **Budgetary Process**

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

1. **Appropriations**

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

2. **Estimated Resources**

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

3. **Encumbrances**

The Ohio Revised Code requires the Fire 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 2014 and 2013 budgetary activity appears in Note 3.

E. **Fund Balance**

Fund balance is divided into two classifications based primarily on the extent to which the Fire District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **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  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Fund Balance (Continued)**

**2. 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 Fire District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (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.

**F. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

The Fire 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:

	2014	2013
Demand deposits	\$729,915	\$413,062

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation. At December 31, 2014 and December 31, 2013, \$481,967 and \$175,020, respectively, were not insured or collateralized, contrary to Ohio law.

**3. Budgetary Activity**

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

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$324,000	\$391,323	\$67,323
Special Revenue	90,000	217,872	127,872
Total	\$414,000	\$609,195	\$195,195

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

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

**3. Budgetary Activity (continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$547,550	\$221,451	\$326,099
Special Revenue	266,500	70,891	195,609
Total	\$814,050	\$292,342	\$521,708

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$384,793	\$412,705	\$27,912
Special Revenue	268,000	195,524	(72,476)
Total	\$652,793	\$608,229	(\$44,564)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$384,792	\$184,189	\$200,603
Special Revenue	268,000	10,978	257,022
Total	\$652,792	\$195,167	\$457,625

**4. Property Tax**

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

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

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

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

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

**5. Retirement Systems**

**A. Ohio Public Employees Retirement System**

The Fiscal Officer and Board of Trustees pay into Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2014.

The part-time employees of the Fire District are not members of the Ohio Police and Fire Pension Fund (OP&F) or OPERS. Instead, they contribute to Social Security. The contribution rate for these employees is 6.2% of their gross wages. The Fire District contributed an amount equal to 6.2% of the employees' gross wages. The Fire District has paid all contributions required through December 31, 2014.

**6. Risk Management**

**Commercial Insurance**

The Fire District has obtained commercial insurance for the following risks:

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

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# Dave Yost • Auditor of State

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

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 and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the OR&W Fire District, Belmont County, Ohio (the Fire District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated November 3, 2015, wherein we noted the Fire District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Fire District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Fire 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 Fire 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Fire District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2014-002.

***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 Fire District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

November 3, 2015

**OR&W FIRE DISTRICT  
BELMONT COUNTY**

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

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

**FINDING NUMBER 2014-001**

**Significant Deficiency**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Fire District did not always record receipts into accurate classifications.

The Fire District posted the following in 2014:

- Start-up monies from Mead Township and the Village of Shadyside were posted as Miscellaneous Revenue instead of Intergovernmental within the General Fund and Fire and Rescue Ambulance EMS Service Special Revenue Fund in the amounts of \$18,342 and \$43,448, respectively.
- Homestead and Rollback monies in the amount of \$8,708 were posted as Property Taxes instead of Intergovernmental within the General Fund.
- A contract for Emergency Services with Belmont County in the amount of \$6,500 was posted as Miscellaneous Revenue instead of Charges for Services within the Fire and Rescue Ambulance EMS Service Special Revenue Fund.
- Sale of a vehicle and equipment in the amount of \$15,926 was posted as Miscellaneous Revenue instead of Sale of Capital Assets within the General Fund.

The Fire District posted the following in 2013:

- Start-up monies from Mead Township and the Village of Shadyside were posted as Other Financing Sources instead of Intergovernmental within the General Fund and Special Revenue Funds in the amounts of \$45,839 and \$157,098, respectively.
- Mead Township start-up monies in the amount of \$5,978 were posted as Miscellaneous Revenue instead of Intergovernmental within the General Fund.

The reclassifications with which the Fire District's Fiscal Officer agrees are reflected within the accompanying financial statements.

The Fire District should utilize available authoritative resources to appropriately classify and record all receipt transactions.

OR&W FIRE DISTRICT  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)

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

FINDING NUMBER 2014-002

**Noncompliance**

Ohio Rev. Code § 135.18(A) states the treasurer, before making the initial deposit in a public depository pursuant to an award made under §§ 135.01 to 135.21 of the Revised Code, shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government. In the case of any deposit other than the initial deposit made during the period of designation, the amount of the aggregate market value of securities required to be pledged and deposited shall be equal to the difference between the amount of public moneys on deposit in such public depository plus the amount to be so deposited, minus the portion or amount of the aggregate as is at the time insured as provided in this section. The treasurer may require additional eligible securities to be deposited to provide for any depreciation which may occur in the market value of any of the securities so deposited.

At December 31, 2014 and 2013, the Fire District had an excess of \$481,967 and \$175,020 on deposit, respectively, with its bank that was not covered by Federal Deposit Insurance Corporation (FDIC) coverage or collateralized by the financial institution. This caused deposits to be uninsured and uncollateralized.

The Fire District should require their depository to pledge sufficient collateral to adequately protect Fire District deposits.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.



# Dave Yost • Auditor of State

**OR&W FIRE DISTRICT**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 24, 2015**