



Dave Yost • Auditor of State

WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wyandot East Fire District
Wyandot County
8512 State Route 231
Nevada, Ohio 44839

To the Board of Trustees:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balance, receipts and disbursements, and related notes of Wyandot East Fire District, Wyandot County, Ohio, (the District) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 statement is 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 statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statement, the District prepared this financial statement 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 statement 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 this statement 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 statement referred to above does 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, 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 statement referred to above presents fairly, in all material respects, the cash balance of Wyandot East Fire District, Wyandot County, Ohio as of December 31, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 4, 2016

**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Cash Receipts:		
Property and Other Local Taxes	\$81,457	\$81,543
Charges for Services	17,068	19,313
Intergovernmental	28,268	14,669
Earnings on Investments	29	88
Miscellaneous	3,096	1,116
	<u>129,918</u>	<u>116,729</u>
Cash Disbursements:		
Current Disbursements:		
Security of Persons and Property:		
Salaries	8,750	8,750
Fringe Benefits	1,364	1,488
Materials and Supplies	46,073	55,742
Equipment	12,876	14,709
Other	5,422	21,574
Capital Outlay	25,047	32,670
Debt Service:		
Principal and Interest	5,054	11,970
	<u>104,586</u>	<u>146,903</u>
<i>Total Cash Disbursements</i>	<u>104,586</u>	<u>146,903</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>25,332</u>	<u>(30,174)</u>
Other Financing Receipts:		
Proceeds of Debt		25,000
	<u>25,332</u>	<u>(5,174)</u>
<i>Net Change in Fund Cash Balance</i>	<u>25,332</u>	<u>(5,174)</u>
<i>Fund Cash Balance, January 1</i>	<u>93,800</u>	<u>98,974</u>
Fund Cash Balance, December 31		
Assigned	10,000	38,085
Unassigned	109,132	55,715
	<u>\$119,132</u>	<u>\$93,800</u>
<i>Fund Cash Balance, December 31</i>	<u>\$119,132</u>	<u>\$93,800</u>

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

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**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
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 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 Eden Township, Antrim Township, Tod Township, and the Village of Nevada. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Accounting Basis

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.

C. Budgetary Process

The Ohio Revised Code requires the District to budget 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. The County Budget Commission must also approve the annual appropriation measure. 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 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.

**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. 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:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. 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.

5. 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.

E. Property, Plant, and Equipment

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

**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

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

2. EQUITY IN POOLED DEPOSITS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2014	2013
Demand deposits	\$96,384	\$71,069
Certificates of deposit	22,748	22,731
Total deposits	\$119,132	\$93,800

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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	\$92,000	\$129,918	\$37,918

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,085	\$104,586	\$25,499

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,000	\$141,729	\$37,729

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,061	\$146,903	(\$19,842)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority by \$19,842 for the year ended December 31, 2013.

**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

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

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 statement include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Equipment Loan	\$15,338	5.625%

On February 7, 2013, the District entered into a \$25,000 equipment loan to finance the purchase of a new air breathing system and washer and dryer. The loan will be repaid in quarterly payments of \$1,684 and matures on May 7, 2017.

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

	Equipment Loan
Year ending December 31:	
2015	\$6,738
2016	6,738
2017	3,370
Total	\$16,846

6. RETIREMENT SYSTEM

The District's 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. 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.

**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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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
8512 State Route 231
Nevada, Ohio 44839

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 statement of the cash balance, receipts and disbursements of Wyandot East Fire District, Wyandot County, Ohio (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statement, and have issued our report thereon dated March 4, 2016 wherein we noted the District followed financial reporting provisions Ohio Revised code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, 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 statement. 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

Compliance and Other Matters

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



Dave Yost
Auditor of State
Columbus, Ohio

March 4, 2016

**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

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

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

FINDING NUMBER 2014-001

Material Weakness

Financial Reporting

The District's management is responsible for the fair presentation of the financial statement. In addition, budgeted receipts and disbursements approved by the Board should agree to the budgeted receipts and disbursements recorded to the accounting system and budgetary note. Errors were noted in the financial statement and notes, resulting in the following material audit adjustments:

- Proceeds of Debt receipts of \$25,000 were improperly classified as Miscellaneous receipts in 2013.
- A bank transfer of \$15,000 was incorrectly posted as a miscellaneous receipt and other expense in 2013.
- Budgeted receipts per the accounting system and notes were overstated by \$7,422 in 2013 and by \$33,607 in 2014.
- Budgeted disbursements per the accounting system and notes were understated by \$3,636 in 2013 and overstated by \$3,996 in 2014.

Additional errors were noted in smaller relative amounts. These errors were a result of inadequate policies and procedures in reviewing the financial statement. The accompanying financial statement, accounting records, and notes have been adjusted to correct these errors. To help ensure the District's financial statement and notes to the statement are complete and accurate, the District should adopt policies and procedures, including a final review of the annual report by the Board to identify and correct errors, omissions, and misclassifications.

FINDING NUMBER 2014-002

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making any expenditure of money unless it has been properly appropriated in accordance with the Ohio Revised Code. Expenditures exceeded appropriations in the General fund by \$19,842 in 2013. This was a result of inadequate policies and procedures in reviewing budgetary information. Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, resulting in deficit spending practices.

The Fiscal Officer should not certify the availability of funds and 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.

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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
MARCH 22, 2016