

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

www.perrycpas.com

...“bringing more to the table”

Tax- Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll
Litigation Support - Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Northeast Champaign County Fire District
PO Box 142
North Lewisburg, Ohio 43060

We have reviewed the *Independent Auditor's Report* of the Northeast Champaign County Fire District, Champaign County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. 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 Northeast Champaign County Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 19, 2017

This page intentionally left blank.

NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report | 1 |
| Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2016 | 3 |
| Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2015 | 4 |
| Notes to the Financial Statements | 5 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 12 |
| Schedule of Audit Findings | 14 |
| Schedule of Prior Audit Findings | 15 |

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

INDEPENDENT AUDITOR'S REPORT

June 9, 2017

Northeast Champaign County Fire District
Champaign County
PO Box 142
North Lewisburg, Ohio 43060

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Northeast Champaign County Fire District**, Champaign County, (the District) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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.

www.perrycpas.com
...*"bringing more to the table"*

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, are presumed to be material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2016 and 2015, 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 Northeast Champaign County Fire District, Champaign County as of December 31, 2016 and 2015, and its combined 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, 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.



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

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|--|-------------------|----------------------------|-----------------------------|---|
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$ 316,747 | \$ 82,590 | \$ - | \$ 399,337 |
| Charges for Services | - | 110,492 | - | 110,492 |
| Intergovernmental | 55,702 | - | - | 55,702 |
| Earnings on Investment | 510 | - | - | 510 |
| Miscellaneous | 259 | 400 | - | 659 |
| <i>Total Cash Receipts</i> | <u>373,218</u> | <u>193,482</u> | <u>-</u> | <u>566,700</u> |
| Cash Disbursements: | | | | |
| General Government | 94,808 | - | - | 94,808 |
| Public Safety | - | 393,816 | 5,108 | 398,924 |
| Capital Outlay | - | 5,400 | - | 5,400 |
| <i>Total Cash Disbursements</i> | <u>94,808</u> | <u>399,216</u> | <u>5,108</u> | <u>499,132</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 278,410 | (205,734) | (5,108) | 67,568 |
| Other Financing Receipts | | | | |
| Transfers In | - | 220,000 | 48,000 | 268,000 |
| Transfers Out | (268,000) | - | - | (268,000) |
| <i>Total Other Financing Receipts</i> | <u>(268,000)</u> | <u>220,000</u> | <u>48,000</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balance</i> | 10,410 | 14,266 | 42,892 | 67,568 |
| <i>Fund Cash Balance, January 1</i> | <u>233,797</u> | <u>56,742</u> | <u>128,000</u> | <u>418,539</u> |
| Fund Cash Balance, December 31 | | | | |
| Restricted | - | 71,008 | - | 71,008 |
| Committed | - | - | 170,892 | 170,892 |
| Unassigned | 244,207 | - | - | 244,207 |
| <i>Fund Cash Balance, December 31</i> | <u>\$ 244,207</u> | <u>\$ 71,008</u> | <u>\$ 170,892</u> | <u>\$ 486,107</u> |

Notes to the Financial Statements are an integral part of this statement.

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|--|-------------------|----------------------------|-----------------------------|---|
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$ 313,044 | \$ 81,707 | \$ - | \$ 394,751 |
| Charges for Services | - | 106,908 | - | 106,908 |
| Intergovernmental | 55,414 | 14,808 | - | 70,222 |
| Earnings on Investment | 412 | - | - | 412 |
| Miscellaneous | 372 | 1,300 | - | 1,672 |
| <i>Total Cash Receipts</i> | <u>369,242</u> | <u>204,723</u> | <u>-</u> | <u>573,965</u> |
| Cash Disbursements: | | | | |
| General Government | 92,515 | - | - | 92,515 |
| Public Safety | 77,609 | 299,665 | - | 377,274 |
| <i>Total Cash Disbursements</i> | <u>170,124</u> | <u>299,665</u> | <u>-</u> | <u>469,789</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 199,118 | (94,942) | - | 104,176 |
| Other Financing Receipts | | | | |
| Transfers In | 14,808 | 60,000 | 128,000 | 202,808 |
| Transfers Out | (188,000) | (14,808) | - | (202,808) |
| <i>Total Other Financing Receipts</i> | <u>(173,192)</u> | <u>45,192</u> | <u>128,000</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balance</i> | 25,926 | (49,750) | 128,000 | 104,176 |
| <i>Fund Cash Balance, January 1</i> | <u>207,871</u> | <u>106,492</u> | <u>-</u> | <u>314,363</u> |
| Fund Cash Balance, December 31 | | | | |
| Restricted | - | 56,742 | - | 56,742 |
| Committed | - | - | 128,000 | 128,000 |
| Unassigned | 233,797 | - | - | 233,797 |
| <i>Fund Cash Balance, December 31</i> | <u>\$ 233,797</u> | <u>\$ 56,742</u> | <u>\$ 128,000</u> | <u>\$ 418,539</u> |

Notes to the Financial Statements are an integral part of this statement.

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Northeast Champaign County Fire District, Champaign 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 voting member and one alternate member. Those subdivisions are North Lewisburg, Woodstock, Rush Township and Wayne Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

EMS Fund The EMS fund receives revenue from billing for emergency runs and uses it for payment of emergency medical apparatus and equipment, management, EMS training, maintenance and operation of ambulance and emergency medical services for the District.

Fire Fund The Fire Fund received tax dollar revenue and uses it for providing fire protection, providing and maintaining fire apparatus, appliances, building and sites.

FEMA Fund The FEMA Fund receives Federal Emergency Management Agency grant monies and uses it for emergency relief to the District.

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

Capital Reserve Fund FF Turnout Gear The Reserve Fund received revenue that was transferred in from the General Fund and is committed for purchasing turn out gear and fire equipment.

Capital Reserve Fund FF EMS Vehicle The Reserve Fund received revenue that was transferred in from the General Fund and is committed for the purchase of an EMS Vehicle.

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

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.

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio Revised Code. Appropriations exceeded estimated resources in the Fire Levy Fund in 2016 and in the Fire Levy, FEMA, Capital Reserve – Gear and Capital Reserve – Vehicle Fund in 2015.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

| Fund Type | 2016 Budgeted vs. Actual Receipts | | |
|------------------|-----------------------------------|-------------------|--------------------|
| | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 375,800 | \$ 373,218 | \$ (2,582) |
| Special Revenue | 422,089 | 413,482 | (8,607) |
| Capital Projects | 48,000 | 48,000 | - |
| Total | <u>\$ 845,889</u> | <u>\$ 834,700</u> | <u>\$ (11,189)</u> |

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 4 – Budgetary Activity (Continued)

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 408,374 | \$ 367,017 | \$ 41,357 |
| Special Revenue | 480,697 | 417,235 | 63,462 |
| Capital Projects | 8,000 | 5,108 | 2,892 |
| Total | <u>\$ 897,071</u> | <u>\$ 789,360</u> | <u>\$ 107,711</u> |

| 2015 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 365,038 | \$ 384,050 | \$ 19,012 |
| Special Revenue | 161,870 | 264,723 | 102,853 |
| Capital Projects | - | 128,000 | 128,000 |
| Total | <u>\$ 526,908</u> | <u>\$ 776,773</u> | <u>\$ 249,865</u> |

| 2015 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 376,430 | \$ 358,634 | \$ 17,796 |
| Special Revenue | 351,098 | 321,447 | 29,651 |
| Capital Projects | 128,000 | - | 128,000 |
| Total | <u>\$ 855,528</u> | <u>\$ 680,081</u> | <u>\$ 175,447</u> |

Note 5 – Deposits

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

| | 2016 | 2015 |
|-----------------|-------------------|-------------------|
| Demand Deposits | \$ 486,107 | \$ 418,539 |
| Total Deposits | <u>\$ 486,107</u> | <u>\$ 418,539</u> |

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 6 – Taxes

Property Taxes

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

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

Note 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.

Note 8 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.50% of their wages from January 1, 2015 through June 30, 2015 and 12.25% from July 1, 2015 through December 31, 2016. The District contributed to OP&F an amount equal to 24% of full-time fighters' wages during 2016 and 2015. The District has paid all contributions required through December 31, 2016.

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%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

Several District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The remaining District's employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

Note 9 – Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits, and OPERS contributes 2 percent to fund these benefits.

Note 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 – Transfers

During 2015, the following transfers were made:

| | Transfers In | Transfers Out |
|-------------------------------|-------------------|---------------------|
| General | \$ 14,808 | \$ (188,000) |
| Fire Fund | 60,000 | - |
| Capital Reserve - Gear | 8,000 | - |
| Capital Reserve - EMS Vehicle | 120,000 | - |
| FEMA Fund | - | (14,808) |
| Total | <u>\$ 202,808</u> | <u>\$ (202,808)</u> |

During 2016, the following transfers were made:

| | Transfers In | Transfers Out |
|-------------------------------|-------------------|---------------------|
| General | \$ - | \$ (268,000) |
| Fire Fund | 170,000 | - |
| EMS Fund | 50,000 | - |
| Capital Reserve - Gear | 8,000 | - |
| Capital Reserve - EMS Vehicle | 40,000 | - |
| Total | <u>\$ 268,000</u> | <u>\$ (268,000)</u> |

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 11 – Transfers (Continued)

During 2015, the District transferred money from the FEMA Fund to General Fund in order to appropriately reimburse the General Fund. The District transferred money from the General Fund to the Fire Fund, Capital Reserve Fund – Turnout Gear and Capital Reserve Fund – EMS Vehicle in order to increase the cash balance in the Fire Fund, and commit funds for the purchase of new turnout gear and new EMS Vehicle.

During 2016, the District transferred money from the General Fund to the Fire Fund and the EMS Fund in order to support fire and EMS activities. The District transferred money from the General Fund to the Capital Reserve Fund- Gear and Capital Reserve Fund – EMS Vehicle for to commit funds for the purchase of new turnout gear and new EMS Vehicle.

Transfers for both years were determined to be appropriate and in compliance with the Ohio Revised Code.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

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

June 9, 2017

Northeast Champaign County Fire District
Champaign County
PO Box 142
North Lewisburg, Ohio 43060

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Northeast Champaign County Fire District**, Champaign County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 9, 2017, 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 statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weakness or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

www.perrycpas.com
...*"bringing more to the table"*

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* as finding 2016-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 9, 2017.

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.



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

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

Posting Receipts

The District should have procedures and controls in place to help prevent and detect errors in financial reporting.

During 2016 and 2015, some receipts were not posted to the correct fund or classifications based on the source of the receipt. The following posting errors were noted:

- Property Tax receipts were recorded as Intergovernmental receipts instead of Property and Other Local Taxes in 2016.
- Rollback receipts were recorded 100% to the General fund instead of 82% to the General Fund and 18% to the Fire Levy Fund in 2016 and 2015.

Not posting receipts accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments and the District has posted the 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.

Management's Response: We did not receive a response from Officials for this Finding.

FINDING NUMBER 2016-002

Material Weakness/Noncompliance

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the District to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate of amended official estimate when amending estimated resources.

During 2016 and 2015, total appropriations exceeded total estimated resources for the following:

- Fire Levy Fund by \$6,513 in 2016 and \$71,133 in 2015;
- FEMA Fund by \$14,808 in 2015;
- Capital Reserve – Gear Fund by \$8,000 in 2015;
- Capital Reserve – Vehicle Fund by \$120,000 in 2015.

The District should monitor appropriations versus estimated resources to help avoid overspending.

Management's Response: We did not receive a response from Officials for this Finding.

**NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|-----------------------------------|------------------|---|
| 2014-001 | Posting Receipts and Expenditures | No | Repeated as finding 2016-001 |
| 2014-002 | No FEMA Fund established | Yes | N/A |

This page intentionally left blank.



Dave Yost • Auditor of State

NORTHEAST CHAMPAIGN COUNTY FIRE DISTRICT

CHAMPAIGN 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
AUGUST 3, 2017**